

COMMITTEE ON FINANCE

May 1, 2006

6:00 PM

Vice-Chairman Gatsas called the meeting to order.

Vice-Chairman Gatsas called for the Pledge of Allegiance, this function being led by Alderman Long.

A moment of silent prayer was observed.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas, Long, Duval, Pinard, O'Neil,
Lopez, Shea, DeVries, Thibault and Forest

Absent: Aldermen Osborne, Garrity, Smith

Vice-Chairman Gatsas advised that the purpose of the meeting shall be discussions relating to the proposed FY2007 budget as follows:

a) Health Department

Fred Rusczek, Health Director, stated I know that the Aldermen are interested in a very short presentation tonight so I tried to submit to the body what would have been a more lengthy budget presentation at the end of last week. I would just like to highlight a couple of things before I talk about some of the numbers and scenarios. Like no time in my 33-year memory with the Health Department has the department faced so many challenges. We have seen the emergency of new infectious diseases. We are watching as this country tries to figure out what to do to prepare for Avian influenza. We saw near misses with SARS. We have seen Triple E. We have seen the West Nile Virus and pathogenics that are spread by food like E-coli 0157, Hepatitis A and throughout the last 20 or so years our program staff has been pretty stable. In fact in the presentation you will see a chart that shows how stable it has been. I should clarify that. Our City program staff because we have been very aggressive in seeking outside support for services here in Manchester. Manchester is also changing very rapidly. Our community demographics are changing. We have an aging population. We are dealing with far more languages than we ever have. In fact, at last count the Manchester Health Department had 596 different language forms for some of the communicable disease and services that we provide and through the years we have worked to get

outside funding to provide the cost for translation. We are seeing a large number of chronic diseases. Manchester's death rate due to heart disease is considerably higher than the state death rate and I know that is something that is of interest Mayor Guinta who has been working with us to see what we can do in the community. Our Cancer rates are higher. We have things like diabetes popping up more and more. We have asthma. We have a continuation of lead poisoning. One of the major issues that we face in the Health Department is that we have considerable staff turnover. If you go back 20 years ago for every time we had an opening we would have a stack of 60 or 70 applicants and never have to advertise. Today we go for protracted periods so right now of all of our staff about 1/3 have been with us for less than two years. Our median length of employment is about five years. So we are constantly training and turning over. Our challenges for losing staff have been really three or four fold. One, we have staff who are aging who have retired. Two, it seems the population today is much more mobile and we have staff who move out of state much more often than in the past. Three, we just can't compete with the private healthcare environment. We can't compete with the hospitals and what have you and we understand that and government never really did have competitive wages in that regard so we lose some to the private sector. Four, the positions are becoming much more challenging with evening and weekend work being pretty standard today. In our business, the staff turnover is a tremendous concern because there is nothing that we can do to maintain an efficient and effective operation more important than staff knowledge and retention. That is one of our challenges. Again, in the presentation there is information on our staffing through the years, the 25 distinct programs that the Manchester Health Department operates and it will also point out that a large number of our staff as I mentioned earlier are outside funded. So we are doing everything we can to maintain costs as we have in the past. In that vein the cost for public health services in Manchester comes out to be about \$14 or so per capita. We do our best and we watch that figure and try to maintain our costs. You folks asked department heads to present or provide feedback to you on two different scenarios. One of them was the Mayor's budget and the other was the 3% below FY06. In the Mayor's budget there is a cut in salaries and wages by about \$75,000 but with the reorganization that we proposed and is currently before the Committee on Bills on Second Reading we will pick up about \$39,000 of that leaving about \$26,000 to be saved through the year. Now as any department head, I always get worried as I go into a new year that when we start out in the hole if we don't get staff turnover and savings from hiring people at a lower pay and the protracted period to find them that I might not be able to accomplish such goals. As it turns out, if you look back over the last few years and the staff turnover we had it could very well be that trying to save \$26,000 through the course of a year won't be an impossible task. In the Mayor's budget the benefit line item was also cut by \$54,000. The reorganization will save about \$4,000 in benefits leaving a difference of about \$50,000. Those aren't figures that are calculated by the Health

Department. I am not certain what that is based on and whether or not those projected savings can come throughout the year I am not certain. As I said I don't have a handle on what has changed since the budget preparation and today in terms of the benefit savings. In the scenario of the 3% below FY06, the budget would need to be reduced by a similar amount. It is about \$176,000 overall below our FY07 status quo request. Even after our savings with the proposed reorganization are realized, an additional \$133,000 would need to be cut from the department. Unless the savings that are projected in the changed figures for benefits are very significant, the only way we are going to be able to cut 3% below FY06 would be to eliminate an entire program, such as the children's dental health program, which is roughly around \$133,000 and obviously with it the two Dental Hygienists or some other combination of programs and the services we provide so that we would be able to cut staff commensurately. The Mayor's budget didn't include the school health nurses so I didn't speak to that in the Mayor's scenario for FY07. The 3% below FY06 would require that the School Health Services budget be cut by about \$150,000 and that would necessitate the elimination of three full-time school nurses and it would mean that some schools would be left without a nurse on the premises five days a week. For the children who require the daily presence of a nurse to attend school, this would be a very difficult situation for them. That is a brief overview. The other piece that I now I got questioned about and I will touch upon is the transfer of the school nurses to the School District. The issue of transferring the school nurses to the School District came up in a discussion that I had with Mayor Guinta around possible things to look at for efficiency reasons and to have paper going back and forth and for some other reasons. It is certainly something that needs to be examined as we go into the future. However, there are some and again it is not a budget item but as we discussed at the time and I don't think time permitted before the budget was presented but there are things that we need to figure out ahead of time, such as what are the long-term cost implications and what are the union issues that need to get resolved. What happens to the employees who are covered by a collective bargaining agreement in terms of their benefits such as retirement and health insurance and what have you? Then there are still things that we need to continue in working with the School District such as the shared health data that we have. They have not yet been worked out to this point. Working with the School District is something that is very important to the Manchester Health Department. You can't move towards a healthy public unless you find a way to work with the schools and serve the school children so we certainly are hoping that whatever happens with that there is a process and investigation of all of the issues related to that transfer. With that I will close my presentation.

Alderman Shea stated there are listed seven vacancies here. Did you include those vacancies in your budget?

Mr. Rusczek responded I am not sure what vacancies there are. We have some community health nursing time that we have been filling with part-timers.

Alderman Shea stated it says Deputy Public Health Director.

Mr. Rusczek replied that would be the one involved in the reorganization.

Alderman Shea stated and then you have I believe four Licensed Practical Nurses.

Mr. Rusczek responded the Licensed Practical Nurses in the schools; there are two vacancies. If it shows four they are...what we try to do is hire Licensed Practical Nurses to save costs in the schools. We haven't been able to find them.

Alderman Shea asked are they in your budget.

Mr. Rusczek answered no they are not included in the budget figures that we presented.

Alderman Shea asked how about the Public Health Specialist II.

Mr. Rusczek answered that position is outside funded I believe. It is a position that is funded by the Public Health Preparedness contract with the state.

Alderman Shea asked and the Public Health Translator.

Mr. Rusczek answered that position, until we know that we are getting money from the state, we haven't filled that position. That was outside funded as well.

Alderman Shea stated a concern that has been expressed to me Fred has been the fact that you brought up. I am not sure what the resolution will be but obviously it impacts the retirement for several long time employees of your department. I believe that there was a suggestion that maybe a moratorium would be in order for these particular issues to be ironed out. Obviously the chargeback that the schools give to the Health Department or vice versa just putting them into the school budget is a wash so to speak. I don't think there are any financial implications or difficulties involved in that.

Mr. Rusczek responded you are right. It is a wash.

Alderman Shea stated so basically I am not sure who can resolve that but the sooner that can be resolved I think the anxiety that exists with some of your employees and they may have called it to your attention as well, I say the sooner the better.

Mayor Guinta stated I do want to address that issue. One of the things that I tried to accomplish in meeting with department heads was aligning functions or services or activities in the proper departments and when I met with Fred to talk about this issue because there was no fiscal impact and it was essentially more of an accounting adjustment, I recommended it. I think the intention here is to not change any benefit of anybody. If the Board so desires to send it either to HR or Administration for further review either during this budget process or if it happens during the budget process or in next year's budget really isn't of great concern to me. I wanted to try to have the Health Department focus solely on providing the needs to the community and having the school nurses, because they have such a relationship within the schools, to be more focused within the School District. So I have no problem taking more time as a Board to try to determine what the appropriate policy is and I think again if it could go to HR or Administration for review and if you want to keep it in Fred's budget simply the money goes into Fred's budget and we reallocate the chargeback. It doesn't impact the budget at all. I think long-term...I mean my hope is for this to happen now but if the Board desires more time to work on that I have no problem supporting that.

Alderman Shea moved to refer the issue of moving the School Nurses into the School District to the Committee on Human Resources.

Vice-Chairman Gatsas stated I don't have a problem with that. I just think it is six of one and half a dozen of the other and it doesn't impact anything. We can have that conversation in HR or have it here and make a decision in Finance.

Alderman Shea responded okay maybe we will just keep it in Finance then.

Vice-Chairman Gatsas stated Fred the difference between your budget and the Mayor's budget is \$126,000 is that correct.

Mr. Rusczek responded correct.

Vice-Chairman Gatsas asked and you said that with the conversion or the reorganization that we did in HR that saves you how much.

Mr. Rusczek answered about \$40,000.

Vice-Chairman Gatsas asked \$40,000 or \$59,000.

Mr. Rusczek answered \$40,000.

Vice-Chairman Gatsas asked so I can take \$40,000 off of that \$126,000

Mr. Rusczek answered right.

Vice-Chairman Gatsas asked along with benefits.

Mr. Rusczek answered the benefits for that because it was a lower level position the benefits would mean another \$4,000 in savings.

Vice-Chairman Gatsas stated well you have to go on the top position because you separated it. What would the savings be on the gross?

Mr. Rusczek replied the net savings again would be \$4,000. The difference between the position that we were hoping to fill at the lower level had lower levels of benefits because a lot of the benefits are tied to the salary figure. The net savings would be \$4,000.

Vice-Chairman Gatsas asked so that brings us down to \$82,344.

Mr. Rusczek answered that would be left to make-up. At this point we are also looking at revenue sources as well. There was a revenue item that I brought to the Finance Committee when you asked for revenue information, which was the food permit fees but we are also still pursuing reimbursement from the state for school-based dental services. We met with Director Mary Anne Cooney last week and hope to pick up \$18,000 or \$20,000 there. The number really should be higher if we receive what other communities got but \$18,000 to \$20,000 is a fair bet. I will have that final number by the time we do the yellow sheet budgets.

Alderman Lopez asked in reference to the Mayor's comments I would just like to make a comment. I am a little leery of it going to a Committee or staying in Finance at this point. I have spoken to Dr. Ludwell and he tells me it is a long process that it going to have to be worked out with the retirement system. I think what should happen is since it is a wash put the money in the Health Department for the nurses, continue with the process and the let the Director of the Health Department, the Retirement Director and the School Superintendent work out all of the bugs and then bring a proposal back to the Board of Mayor and Aldermen later on. You are not going to accomplish all of that within a month or so. At least I don't think you can. Do you want to comment on that?

Mr. Rusczek answered I think you are correct Alderman. The other challenge compared to years ago when this was looked at is now that the School District is separate you are really talking about moving employees from one corporation to another. It is not just moving them from one department to another.

Alderman Lopez stated there are a lot of logistics that have to be worked out so my recommendation would be to continue the way we have been going with the nurses at the present time and direct the Health Department, the Retirement System and the School Superintendent to work out a plan and bring it before the Board of Mayor and Aldermen.

Vice-Chairman Gatsas asked is it any different than what we do with MCTV right now. MCTV are employees of the School District. They used to come to us for their budget. So what is the difference if we just turn that around?

Alderman Lopez answered the difference is the retirement issue number one because if you move them over there...

Vice-Chairman Gatsas interjected MCTV is under the School retirement so we can just do the allocation the other way and leave the nurses under the City retirement system.

Alderman Lopez stated I am told it doesn't quite work that way. It is like when a person from the School District or Police comes to the City that the retirement is an issue. The HR Director can maybe help us out here because we have had situations with people transferring from the School District and they don't get the same benefits and vice versa.

Virginia Lamberton, HR Director, stated when somebody comes to the City from the School system they are considered a new employee. They have a new seniority date and a leave accrual date and they are on probation and they then participate in our retirement system.

Vice-Chairman Gatsas stated I guess I am missing something. MCTV, their employees are part of the School District.

Ms. Lamberton responded it is my understanding that once a month the School system sends a bill to the City to get reimbursed for the salary and benefits and all of the expenses of MCTV. So they are on the payroll of the School District, which means they are School District employees.

Vice-Chairman Gatsas asked well why wouldn't we leave these people on the City's payroll.

Ms. Lamberton asked the nurses. I think there is a concern that they would no longer be able to contribute to the contributory retirement system and there are a number of them who have a lot of years of service.

Alderman Forest asked how many nurses to you have that would be transferred under this budget.

Ms. Lamberton answered there are 30.5 staff. Of that 30.5 staff there are 2 LPN's, 27.5 RN's and 1 supervisor.

Alderman Forest stated I know and this is one of the concerns I think Alderman Lopez asked a couple of questions that I wanted to and Alderman Gatsas says it wouldn't impact anything on either side because it is a wash but the concern I have and I think Ginny answered part of it and if there is more to it she may jump in on this but again the concern are contracts with your department and the School Department and whether these nurses would carry over their seniority and their benefits. From what I understand it is a negotiable item so, therefore, going from your department to the School District again would be like Day 1 and everything else. There was one other question that sort of slipped my mind but I think I covered the point that it would impact some employees. I received a call from one of your nurses who worked for 32 years and she was worried that she would go to the School District with zero seniority and the benefits would be different and everything else. There is an impact to 30 employees if this gets done here. Ginny, am I correct on this as far as negotiable items? I know we went through this with MCTV and MCAM awhile back as far as transfer of employees.

Ms. Lamberton replied I cannot speak for the schools but I can tell you that the nurses in the Health Department are part of the AFSME contract so there would need to be discussions with the union about that and then in order to get into another bargaining unit in the schools there would have to be discussions and negotiations there for them to get into those bargaining units. So there is a lot to be talked about before this happens to make sure it doesn't impact negatively on the nurses.

Alderman Roy stated I am going to go in a different direction. I think the retirement conversation is a very important one and one that I would like to see resolved before I can make a decision on this. The direction I am going to go is with supervision and training of employees. School nurses are still nurses. They are still providing a health service to the children of Manchester and when you list out the 30.5 employees you have one supervisor. If this is transferred to the schools who would that supervisor report to and is there a chain of command that we currently have that we wouldn't have in the schools? As the Mayor has pointed out it is semantics as to which pot the money comes out of. I just want to make sure they are getting the best training and the best knowledge and, therefore, providing the best service. So if you could elaborate on that I would appreciate it.

Mr. Rusczek responded again the Health Department and the School District have a wonderful relationship. We work very closely together on issues and that is important because the Health Department, even if the school nurses work for the School District needs to have that close coordination. In the event of an outbreak we need to drop what we are doing and respond to things like meningitis outbreaks. So that part of the oversight would continue. Partly because we would retain the pediatrician who oversees the school health program for six hours per week. What we have tried to do is we don't want to take those positions and have them bogged down in day-to-day supervision. That is what we have a supervisor for but six hours per week of the pediatrician that we have, her time goes to signing standing orders and oversight and training and what have you so that would continue. You hit upon something else to and one of the challenges is with 30 staff spread around the schools it is very challenging for one supervisor to handle all of that and to stay on top of the training and the turnover and everything. Part of that is what needs to get looked at because there might be more efficient ways to do that and that was, I think, the dialogue that the Mayor and I had about having perhaps the principal do the day-to-day oversight of the hours of the school nurse and the back-up in staffing to allow the School Health Supervisor that we have to do more broad supervision sort of stuff.

Alderman Roy asked who do the school nurses report to.

Mr. Rusczek answered they report to Carrie Campbell, our pediatrician.

Alderman Roy asked and the pediatrician reports to whom.

Mr. Rusczek answered me.

Alderman Roy asked if it is switched to the School District would they still report to the pediatrician.

Mr. Rusczek answered no. The pediatrician would sign standing orders and stuff like we had, before we had our own in-house pediatrician we would contract out and having standing orders. They would still report to the School Health Supervisor.

Alderman Roy asked so the supervisor reports to the School Health Supervisor or that is one in the same and from there is there a loss of a step or and I don't want to say misdirection but is it someone who has the child's well-being at heart and not running a school building and dealing with every child in the school.

Mr. Rusczek answered in any review we do, Alderman, I think one of the pieces of the review is to look at models in other school districts. There are other school

health services that we don't oversee. For example, the one-on-one care of children with special medical needs. We don't oversee the health educators and some other little pieces. In theory there is an opportunity if it was actually realized to have a more integrated system. So I don't want to throw out the baby with the bath. At this point I wouldn't be for anything that would reduce the quality of care of the benefits of long-term staff but I think that through some thorough study there might be some other model that comes out that has the school nurses perhaps in an enterprise account. I don't know. It really does require more study and I know that was the intent of the Mayor and myself when this was discussed in February.

Alderman Roy stated I appreciate you saying that because one of my things from the beginning of this was this is a very short budget time to accomplish many things. I think at the bottom of this is the well being of the child. You mentioned the one-on-ones and I know from experience that they are dealt with through a Special Education Department and the Assistant Superintendent of Special Education and we have very specialized people running those departments for the School District. I just don't want the school nurses to get lumped into something else without that level of expertise that our Health Department has. So thank you for those answers.

Alderman O'Neil stated I would think there would have to be some importance of having all nurses under one roof. You may get a communication from some state health people or some federal health people that there is a certain issue brewing in the City – a certain health issue. I would think that the fact that both our community health nurses and our school nurses would hear that from one central source would be important as well as action taken to either prevent or address those concerns. I would have a concern if we have two separate nursing functions that that wouldn't happen. We aren't talking about streamlining an administrative issue here. What we are talking about is direct public safety and public health. So the fact that this doesn't have a fiscal impact either way, I think it would be appropriate...let's be perfectly honest. We have six weeks approximately to approve a budget. We are not going to resolve this issue between Health, Schools, the Board of Mayor and Aldermen in six weeks. It is the real world. I think we are better to leave it for this next year committed to our Public Health Department and work over the next six or nine months to look at the pros and cons of this. I agree with Alderman Lopez on his earlier statements. That would be my recommendation, that for the next year it remain part of our Health Department. Based on what I know now, I think it should always be part of our Health Department but I trust the judgement of Fred and his staff greatly and if they convince me there are some good reasons and that public health can improve with it being in schools I am willing to consider that but right now I am pleased with

the product that we get out of the Manchester Health Department. If it isn't broken I don't see a need to fix it.

Alderman Shea stated thinking along the same lines as Alderman O'Neil it would probably make more sense to keep doing it the way it has been done rather than create a new problem. If the wheel isn't broken, we shouldn't break it and start a new one. Obviously is it working well and I would say...I know that there was some discussion among principals that maybe there might be more effectiveness if they had control but there is a turnover of principals as well so who knows where they are going to be. I would think that the best way to handle this matter is to keep it the way it is rather than kicking it around in Finance. In other words, the discussion will continue and who knows where it will lead. I think the Mayor probably could get together with you and the Superintendent of Schools and maybe the Solicitor or whoever else has to be involved and resolve it and come back to us and say it is going to be the same way as it was before and work on it in terms of maybe structuring it so that any new person coming in that may be a little different but just using the same system that we have now.

Alderman DeVries stated I would like to start first by congratulating your staff and yourself for the aggressive grant writing that you have done over the years that has brought hundreds of thousands of dollars and very dedicated, well educated personnel into the department. I know that not only does that benefit the City if there is a disaster or public health emergency but it benefits us in many ways above and beyond what the grant is originally intended to. Their expertise does fall into other subjects and discussions. So I thank you for those aggressive grantwriting efforts. I wanted to talk about the benefit line with you because you did indicate that the positions through the reorganization would only be a deduction of \$4,000 and there was still \$46,000 additional dollars that seem to you to be a mystery because that is a line item that is given to your department by HR. Have you had any conversations or any follow-up that there is going to be any deduction of that line item?

Mr. Rusczek responded on the health benefits and...

Alderman DeVries interjected I would ask the Mayor if he would like to comment since his hand is up.

Mayor Guinta asked are you talking about the health benefit line in general.

Alderman DeVries answered correct.

Mayor Guinta stated initially we had budgeted much higher than what the overall increase turned out to be. They are projecting the overall increase for health

insurance to be 7.5% this year and dental to be 0%. So originally those two line items were much higher. The department head is correct. The department heads don't have any...that is a number that is provided to them through the HR Department so in these projections you will see them more accurately reflected based on the time we have had to analyze it.

Alderman DeVries asked so specifically to the question if I might follow-up, the \$382,406 is a number that is currently projected adequate to cover the benefits. I am looking at the Mayor's...the second line down under salaries.

Mayor Guinta asked is that...that must be health, dental, life, worker's compensation, disability, city contributory, and FICA all added up into one number.

Mr. Rusczek answered yes.

Mayor Guinta stated then that number would be correct. I don't believe it includes the nurses though so that would come back in. The nurses would come back in if that is the will of the Board but as the department stands now that reflects the accurate needed number.

Alderman DeVries stated thank you for the clarification and I assume that the department head is somewhat more comfortable with that benefits line item number after hearing that.

Mr. Rusczek responded again we don't set that figure. If others tell us that those are the correct figures...

Mayor Guinta interjected the original projections I think were an 18% to 20% increase so that is what you saw in the FY07 department requests. That was the original projection that we started with and as the process moves forward...about a week or two before I presented my budget we got the final numbers in. We were able to more accurately reflect what that number should be and that is based on an actuarial number. I don't play with it.

Alderman DeVries stated the one final comment if I can have one final question the scenario with the 3% below FY06 budget does mention that if that is adopted we would lose the dental clinic as part of your attempt to adjust to those cuts. I was hoping briefly that you might speak to that important project and maybe try to defend that.

Mr. Rusczek responded thank you and again if you look at the presentation that I printed off and gave to you through the years we have had a level, stable staff. For

about 20 years we have in the program staff little change. We are struggling to meet everything that we can do. We have a tough time when we lose a person like right now we are down a Community Health Nurse but we had to eliminate an immunization clinic and that worries me because we are watching the outbreak of mumps in other parts of the country. We are watching our immunization rates drop and we have had to cut back on some of our tuberculosis follow-up. What I am saying is we are right at that fine line of there is no fat. There is nothing else to cut. If we have to cut, we have to lop out a program and dental health is a critical issue here in Manchester. We have a lot of children who don't have access to dental care. A dental program has existed in some shape or fashion since after World War II and I will tell you that when I came here in 1973 there were actually four people working there. Two dental assistants and two dental hygienists so that is the minimum and then we got the wonderful \$100,000 gift from the Kiwanis Club to keep that going and because they work with the Manchester dentists and again it is in the report, I think they captured \$275,000 of free dental care. So it kills me to even mention that that might be cut because there is no place else to cut without really impacting the safety of our public. I don't want to see any cuts. I think we have really done our job to keep our budgets down and as low as we possibly can. We push for the outside funding and we have been status quo for years. That is an important program for many, many kids. Again, in Manchester with our changing demographics, 32% of Manchester school kids are on free and reduced lunch, which means they are Medicaid eligible low income.

Alderman DeVries stated I have one final question. Is it fair to say that if that program was cut that there would be potentially an increase in costs through healthcare benefits – Medicaid or otherwise because of the unattended dental carries? Is that a fair statement?

Mr. Rusczek replied there would be delayed costs and increased costs. Kids in Manchester can't access dental care and dental treatment and we have been working with the Manchester Dental Society and the community to try and find a home to establish a dental clinic. Worse than costs the kids would suffer with poorer dental health than they have today. Again, I mention dental because when you look at all of the other things we do that is the only thing that isn't directly related to public safety where we would drop down to such a low level of service.

Vice-Chairman Gatsas stated the number between your salary account and the Mayor's salary account is \$75,529. That is the difference between those two numbers. In your account we have about \$40,000...what you told me was \$40,000 that we could subtract. So we have a number of about \$35,229 as a difference in just the salary account and not talking about benefits.

Mr. Rusczek responded correct.

Vice-Chairman Gatsas asked are you saying that you can't live with that adjustment of \$35,000.

Mr. Rusczek answered we will do our best. I don't know what we will have for staff turnover and whether or not we can find some other outside money. I am worried when you get to an amount that is that much to try to go into a budget period and say that we are going to save \$35,000 from staff turnover. I might have a good year and there won't be any staff turnover. That is essentially a full Community Health Nurse's salary.

Vice-Chairman Gatsas stated let's go up to your salary account number of \$1,428,786. How did you get to the increase from your budget of your actual number that was level funded in FY06 of \$1,360,380?

Mr. Rusczek responded part of that increase is due to, if you look at the...how did we get an increase of...

Vice-Chairman Gatsas interjected that is about a 5% increase on your salary line.

Mr. Rusczek stated for us the challenge again is that our median length of employment is five years and again we have so many people who are getting their 3% step increase and the 2% COLA.

Vice-Chairman Gatsas stated but you just told us a few minutes ago that there was a big turnover there.

Mr. Rusczek replied right. We are losing them at the low end. We have people who come and they stay for six or eight months and then leave. We don't ever get...it is not like last year when we had a couple of long-term community health nurses leave. You folks allowed us to upgrade the Community Health Nurses to try to stop some of that with the savings but...

Vice-Chairman Gatsas interjected how many employees do you have at the bottom rung that you are turning over.

Mr. Rusczek stated I don't have an exact figure but 1/3 of our staff have less than two years of experience.

Vice-Chairman Gatsas asked 1/3 of your staff being how many.

Mr. Rusczek answered that would be 18 or so.

Vice-Chairman Gatsas asked so you have 18 people who have two years or less who don't participate in the 5% increase.

Mr. Rusczek answered no they do. If you have less than 10 years you get a 3% step increase and a 2% COLA.

Vice-Chairman Gatsas stated but you wouldn't be seeing that if they were turning over at that rate.

Mr. Rusczek responded again these are numbers off of the budget projection.

Vice-Chairman Gatsas replied but those are numbers...obviously I don't know if those are numbers that come from HR. Those aren't HR numbers. Those are numbers that are just...HR do you produce the wage numbers for them? Do you produce the salary line for them?

Ms. Lamberton stated we produce the original budget. I am not working...I don't have the paper that you are looking at but what we do is we projected based on the actual employees and whether or not they are entitled to steps or longevity steps and a COLA and that was \$2,513,649.

Vice-Chairman Gatsas asked how much of that was school nurses.

Ms. Lamberton answered the \$1.1 million is school nurses and salaries.

Vice-Chairman Gatsas asked can I get those numbers again slowly and what is the exact number for school nurses.

Ms. Lamberton answered I believe the number for school nurses is \$1,072,711.

Alderman Lopez stated I wanted to jump in here because we are talking about the department's request and the Mayor's recommended. I did some math over here and if the chargeback for the 30.5 if we took all of the benefits and everything out of there is \$991,946. Let's say for the sake of argument that they all went. That is why the Mayor came down \$122,000 and subtracting the health insurance and all of the other items. I get a different number if I put all of the numbers back in on the City side. I get \$1,388,397 for all of the benefits. To give you an example if you look at the 509 in the workbook, \$128,000 is the department request and the Mayor's budget is \$122,000. Just that line item alone has a difference of \$396,451. We have to agree on some number. I don't know which number to agree on.

Vice-Chairman Gatsas stated I am going by what the department is telling me, which is there is a difference between those two line items of...it started as \$126,344 and we took out \$40,000 for the salary and \$4,000 for benefits and we are at \$82,000.

Alderman Lopez asked from what.

Vice-Chairman Gatsas answered \$82,000...the difference between the number that he has requested, the expenses of \$1,941,758 is about \$82,000. Let me give you three other line items, Mr. Rusczek, that I am going to reduce. Staff development in FY05 actual expense was \$741. That is what your actual expense was in FY05.

Mr. Rusczek stated because it was charged to HR at that time.

Vice-Chairman Gatsas stated your modified budget was \$9,000 of which up to 3/18 you have only spent \$3,346. So I reduced that to \$5,000 for a \$4,000 savings. I take you into Other Services. Your actual expenditure in FY05 was \$2,562. I guess you have exceeded your budgeted amount. I put it back down to \$2,500. Your maintenance and repairs in FY05 were \$1,422. You have expensed \$4,624. Your modified budget was \$8,000. I dropped that number down to \$5,000 for a \$900 savings. That is a \$7,400 number. So basically we are at a number that is somewhere in the vicinity of \$28,000 from where you were at \$35,529 less the \$7,400 so the payroll number difference or the budget number difference is somewhere in the vicinity of \$75,000 for all line items. From the Mayor's expense number of \$1,815,414 plus about \$75,344 is \$1,890,758. On your yellow piece of paper when you come to us next week if you can work off of that number and see what else you may find as reductions in revenue.

Alderman Shea asked do you have any surplus this year.

Mr. Rusczek answered there won't be any significant surplus.

Alderman Shea asked but is there one.

Mr. Rusczek answered I can have the figures for you next week.

Alderman Shea asked when you say not a significant one are you talking \$50,000 or \$20,000.

Mr. Rusczek answered it will be under \$10,000. Don't forget that in our budget we cover all of the Rines Center costs and electricity and gas and everything.

Alderman Shea asked so you will come in with \$10,000.

Mr. Rusczek answered that is my guess at this point. I did look at those figures.

Vice-Chairman Gatsas stated I didn't go near the Rines Center so I am just leaving that one. There is only a \$2,000 difference so I didn't even include that. I am only dealing with the first six lines. Yours versus the Mayor's.

Mr. Rusczek asked can you read that number to me again.

Vice-Chairman Gatsas answered \$1,890,758.

Ms. Lamberton stated I don't believe that is going to include the school nurses.

Vice-Chairman Gatsas responded no it does not. Whatever the school nurse charge is it is and that is a chargeback so it is an in and out. I am just worried about where he is at. The school nurses, when you look at the school nurse number the salaries and the benefits are basically a wash.

Ms. Lamberton stated they are required to pay that and then become reimbursed later on so we need money to pay it.

Vice-Chairman Gatsas replied I understand that but however you look at it is either an expense and a revenue or just an expense and a chargeback. Both are the same. I mean it will be in his budget if this Board decides to put it in so it is there.

Alderman DeVries stated I would ask the Director also to take a look at the medical supplies line, 865, which looks like it may have been dramatically reduced from his request and I am feeling that that might have been associated with the transfer of the school nurses. It looks like a \$9,000 reduction. So when you look at...when you come back to us and give us all of the adjustments if you would let us know why the reduction and if the school nurses are reverted back on to your domain if you would does that line item have to change to reflect a reduction of cost or increase of expenses?

Alderman Lopez stated I want to allow this young lady to speak because I think she came up here to say something. It is a little bit more complicated and I think HR alluded to it. I would say we put everything back in the budget so that we have a true number going forward. We have to pay these people and sometimes the School Department doesn't pay them on time so who is going to pay them? Do you have any comments on that? Maybe you can shed some light on this.

Vice-Chairman Gatsas stated it doesn't matter when you get paid if you have expensed it. It doesn't matter whether the School District pays us next year or this year. It is an expense item on this budget.

Alderman Lopez responded I would like to agree with your number but it is your number and I am not comfortable yet to say your number is the right number.

? asked does that number you gave us include the Rines Center.

Vice-Chairman Gatsas answered no. There is only a \$2,000 difference in the Rines Center so I left that alone. Do you want me to include it?

? answered no.

Alderman Lopez stated Fred you mentioned staff development and something about it being in HR before. Are you required to have certifications, etc.?

Mr. Rusczek replied the expenses for FY05, all of the staff development, was in the Human Resources Department. The expenses that we show to date don't include a lot that has happened. The \$9,000 I think what I will do is ask the Human Resources Department to go back and give some historical perspective of what they would cover.

Alderman Lopez responded the only thing I will comment on is the number that Alderman Gatsas gave you – the \$1,890,758. You can come back with whatever color is coming back now but put all of the other obligations that you have on maintenance contracts and stuff like that on there.

Mr. Rusczek stated the staff development is a contractual item too. May I ask one more time because I heard two figures? I think you told me \$1,889,758.

Vice-Chairman Gatsas responded maybe Alderman Lopez gave you that because he is working on a different number. Mine is \$1,890,758.

Alderman Roy stated your building, you mentioned before that you cover all of the costs at the Rines Center. As of the end of March of this year you had already exceeded your electricity line item. As far as the building goes and I am not going to put you on the spot tonight but talk about what is the best way to manage that building. Is that the best way? Could you come back to us with some information? If you are paying the whole electric bill for that building out of your budget...it seems like there are other responsibilities that could be shared and if we are talking about moving a little of this budget to help it get managed and a little bit there to get it managed I would appreciate that because I would hate to see

someone in a multi-tenant building picking up all costs and having to run the building with no ability to adjust line items. If you could get me some information on that I would appreciate it because you are already over your budget on the building and I am not sure that is all your fault.

Vice-Chairman Gatsas asked in electricity. Is that what you are telling me? I am looking at a number here that is \$27,900 up to the 18th and then \$35,000 was budgeted.

Alderman Roy stated the report that was given to the Accounts Committee, his entire budget was \$42,000 and as of March 31 he had spent \$42,037.70. I believe Kevin can say when Guy will have the new April ending numbers.

Mr. Clougherty responded in another two weeks.

b) Library Department

Denise van Zanten, Deputy Library Director, stated good evening.

Vice-Chairman Gatsas stated thank you for coming. First question. Have you taken those signs down yet in the Library?

Ms. van Zanten answered no.

Vice-Chairman Gatsas asked can I ask the City Solicitor by ordinance is that allowed.

Thomas Arnold, Deputy City Solicitor, asked what is the question.

Vice-Chairman Gatsas stated there are signs that have been posted in the Library and what do they exactly say because I haven't seen them but I have gotten about 25 calls on them.

Ms. van Zanten replied we are advocating for the Library and asking people to write to the Aldermen and Mayor about the Library's budget.

Vice-Chairman Gatsas asked can you tell me by ordinance is that allowed.

Deputy Solicitor Arnold answered I don't think there is an ordinance preventing it if that is what you are asking.

Vice-Chairman Gatsas asked is there anything in the ordinance that allows it being on City property.

Kevin Devine, Library Board of Trustees, stated we were going to introduce everyone here but those signs were placed at the request of the Board of Trustees who by state law are charged with handling all of the affairs of the Manchester City Library.

Vice-Chairman Gatsas asked so by Constitution you can post those on a City building inside a public building.

Mr. Devine replied we believe so yes.

Vice-Chairman Gatsas asked you believe in it so by Constitution you only believe in it not that you are sure of it.

Mr. Devine answered I believe in the Constitution Mr. Gatsas.

Vice-Chairman Gatsas stated that is not my question Mr. Devine. My question was very direct. Do you believe that those signs you can put up in a public building inside those premises?

Mr. Devine responded yes.

Ms. van Zanten stated I am the Interim Director at the Library.

Dee Santoso stated I am head of Information Services at the Manchester City Library.

Jeff Hickock stated I am on the Board of Trustees of the Manchester City Library.

Joanne Barrett stated I am the Chair of the Board of Trustees of the Manchester City Library.

Karen Sheehan-Lord stated I am a Trustee of the Manchester City Library.

Ms. van Zanten stated I would like to review with you the services that the Manchester City Library provides to the citizens of Manchester and the impacts of each of the current budget proposals. The Manchester City Library has been serving the citizens of this City since 1854. In the past year the Library Department has been very fortunate. We received CIP funds to make major improvements at both our buildings and we are very thankful to the Board of Mayor and Aldermen for those completed projects. Our main Library building received a major HVAC renovation, a new roof and had our front stairs reset while our West Branch now occupies all three floors of the King Fire Station. The

Library Department provides many services to our citizens. As a member of the Library Consortium we were able to afford a top of the line automation system, which allows staff to maintain and organize our collection, as well as to allow our patrons access to the collection both in-house and at home via our online catalog. The Library provides access to reading and recreational material in many formats, including print, DVD, video and audio books. These items are free to the taxpayers of our City. We also provide research materials both in print and online on a wide range of topics including NH law, business, medical and for all of those homework assignments. We have a large NH History collection, which is used by the genealogists and researchers from around the state. We provide Internet access, photocopiers and microfilm reader printers. The Library's collection is accessible 24 hours a day via our online catalog. Our users can place requests for materials and we will contact them when the item is available for them to pick-up. Our programming is aimed at serving all ages throughout the City and includes story times, school vacation week activities such as Teddy Bear picnic, our family fair summer program, our summer reading program, cooking demonstrations, book discussions, computer classes, and the list goes on. The Library is also used by many groups in the community. They use our building for meetings as well as musical recitals. This is a very busy time of year for us. The staff at the Library works very hard to provide quality customer service and insure that we are creating a usable and accessible collection of library materials. There are some facts we would like to share with you as you consider our budget for fiscal year 2007. We currently have a staff complement of 51 employees. Thirty-nine of those are full-time and twelve are part-time. Of the 39 full-time positions, 15 of those are professional Librarians. Three of our full-time positions are currently vacant. Two professional positions and one para-professional position and we have a position on paid administrative leave. Between the two library buildings we offer 104 service hours per week during the school year and 95 during the summer months. The main Library has seven public service desks that are staff. This is due to the layout of our 90-year-old building. Library users borrowed over 400,000 items in 2005. They have already borrowed over 112,000 in the first three months of 2006. Our collection contains 249,000 items. Over 300,000 have walked through our doors in 2005. We registered over 5,000 new library users in 2005. We answered 89,000 reference questions and our website had over 434,000 hits. The Library's FY07 budget request would allow the Library to continue providing and improving our services. Our request would allow us to maintain our current employee complement. It would also allow us to fill our vacant positions including that of a Library Cataloger. The Library Cataloger is a professional position that has been part of the Library's complement for over 30 years. This position is instrumental in maintaining the Library's online catalogs that our users can find to utilize materials. This is a specially trained position in the library profession. Our budget request would also allow us to pay severance due to the former Library Director. There is a proposal to the Mayor and the City Solicitor's

Office to pay this out of FY06. This would allow the trustees to hire a Library Director this fall. It would maintain current service hours at the main Library and our West Branch. It would also allow the Library to add more hours to our main building. We have been closed on Tuesday evenings since 2002 and we want to be open. It allows us to move one of our full-time positions from our current complement to our branch to better serve the needs of our West Side users. It covers the cost of the utilities now that we have our new HVAC system at the main building and more usable space at the West branch. It will improve our Library's collection to better serve the needs of our changing community. We are constantly getting requests for more ESL materials and materials in foreign languages. It would allow us to create a home school collection to better serve the needs of this growing form of education in Manchester. It would allow us to continue our programming, continue our archery services and allow us to expand our online programs by adding downloadable audio books to our website and to purchase more online reference software. The Library administration and the Board of Trustees did not include security guards as part of our staffing complement in our FY07 request. We would very much like to have the security guards be part of our staff and hope that we can add their expenses into our budget for FY07. The Mayor's budget. The Mayor's budget proposal for the Library Department cuts 8% or \$123,000 from our salary line as it stands in FY06. This proposal is a 13% or \$197,000 reduction from our FY07 request. This salary line will mean that the Library will be unable to fill our three vacant positions – Library Cataloger, Administrative Services Manager and a Reference Librarian. It will require us to lay-off at least two full-time positions and two part-time positions. It means we are unable to add the security guards to our complement without laying off another full-time Library employee to cover their costs. We will be unable to pay the severance fee of the former Director unless the plan that is on the table is approved. The Library Department will be losing a total of five full-time positions under the Mayor's proposed budget. This will have a direct impact on the services the Library provides at both buildings. The loss of professional and clerical level staff will mean that we will have to restructure our service ours at both the main building and the branch so that we can consolidate our staff. Our goal will be to maintain as many hours as we can at our main Library were we have 90% of our collection and 90% of our users. The branch will be closed on Saturdays starting in the fall. The main Library will remain open on Saturdays and we will be opening at 9:30 AM instead of 8:30 AM. We will probably be cutting back on the number of home service patrons we can provide for as staff will be unable to leave the building to make deliveries. The Library programming is planned and overseen by Library staff. With less employees, we will not have the time to devote to programming. Without a Library Cataloger in the technical services division we will be trying to do the work of two full-time positions. The Library Cataloger is a professional position and allows our users to utilize and find library materials. There will be a slow down in acquiring,

cataloging and processing of Library materials. This division adds more than 1,000 new items a month. We have been without a Library Cataloger since January. It has been unfilled due to the hiring freeze. This vacancy severely hampers the efficiency in which this division provides services to the public. The Library currently has two part-time security guards who are assigned to us by the City Clerk's Office. They are currently part of the City Clerk's employee complement, not the Library's. It is estimated that their salary and benefits for FY07 will total \$42,705.48. To maintain security it will require us to lose another full-time Library employee. We cannot stress enough how important it is for the main Library to have security but we need to maintain our Library staffing levels as well. The main Library's new HVAC system will require more electricity. HVAC architects and the staff at the Facilities Division who installed the system estimated a cost of \$55,000 to \$60,000 to run the system along with our general electrical needs at the main building. We also have to provide electricity to our West Branch, which has a very archaic heating system that is mainly electric. I have included a cost estimate in our packet. It was done by Fred Matuszewski for the new HVAC, as well as a spreadsheet showing utility costs for the last 12 months. We have discussed the same information with the Mayor and we hope that if we can have at least \$75,000 in our electricity line we will be able to run the new HVAC at the main building. The main Library has two furnaces so that if one system fails we don't lose heat. One runs on oil and one runs on natural gas. We expect that under the Mayor's proposed budget we will be overspending our natural gas line to heat the main Library and the West Branch. The West Branch has a pre-heater system that runs on gas. The main Library's oil capacity is 10,000 gallons and it cost \$9,400 to fill it in January of this year. The Mayor has reduced this line from \$10,000 to \$5,000 for FY07. The Mayor's proposed material lines are in keeping with what we requested and will allow us to continue improving and maintaining the Library collection, although with less staff it will take longer to do so. The Mayor's budget also provides for our continued membership in the Consortium. Finally, a 3% cut from FY06. This budget was very difficult to put together since our salary and benefits would be cut \$180,000 in FY07. The budget the Library Department propose means that we would maintain most of our current complement of employees. We will still have one full-time lay-off and four part-time lay-offs. It will allow us to hire a Cataloguing system if released from the hiring freeze. It will cut two of the three vacant positions – the Administrative Services Manager and the Reference Librarian. We will not be able to keep security guards without laying off more Library staff. It allows us to maintain our membership in the Consortium. We would still need to reduce service hours, but not as severely as the Mayor's budget would require. The Branch will still be closed on Saturdays and we would have to consider opening an hour later some mornings. This budget proposal would allow us to cover all anticipated utility costs, however, in the cost of putting this budget together to retain as many staff as we can and to cover the utility costs the Library

Administration was forced to cut our request for Library materials and supplies. The Library Department would like to continue the forward momentum that we have achieved in the past year with the renovation projects being completed and with the personnel changes the Board of Trustees has made. We are asking that the Board of Mayor and Aldermen give the Library Department the opportunity to continue improving services and provide funding that allows us forward progress.

Vice-Chairman Gatsas stated the first question I have is of the three vacant positions how long have they been vacant.

Ms. van Zanten answered the Reference Library has been vacant since 2002.

Vice-Chairman Gatsas asked is that part of your full 39 complement.

Ms. van Zanten answered yes it keeps showing up every year.

Vice-Chairman Gatsas asked so your full 39 complement really isn't 39. It is really 36.

Ms. van Zanten answered we currently have 36 positions filled and one on leave.

Vice-Chairman Gatsas asked and what is the salary of those three employees.

Ms. van Zanten answered they have a salary of \$35,110.40 each.

Vice-Chairman Gatsas asked so that is about \$105,000.

Ms. van Zanten answered yes.

Vice-Chairman Gatsas asked so if I took that \$105,000 out of your request because you are requesting a full complement, that is \$1,642,039 and the other part-time position...you had another position that was not filled.

Ms. van Zanten answered we have three full-time positions. One is the Administrative Services Manager, which was downgraded in March to an Administrative Assistant III but under the complement that was requested it was listed at the higher grade. Then there is the Library Cataloger position that we desperately need to fill.

Vice-Chairman Gatsas asked how long has that been vacant.

Ms. van Zanten answered that has only been vacant since January.

Vice-Chairman Gatsas asked and the severance package that you have for the Director.

Ms. van Zanten answered we are trying to take it out of our extra money in our FY06 budget due to the empty position.

Vice-Chairman Gatsas asked how much is that.

Ms. van Zanten answered there is \$57,000 left in that line as overage and I believe his severance is \$44,000. Is that right Arnold?

Deputy Solicitor Arnold replied I couldn't give you the numbers. I could say that basically he is on paid administrative leave until July 21 so whatever would be in the new fiscal year plus his accrued vacation.

Vice-Chairman Gatsas asked and that position hasn't been filled.

Ms. van Zanten answered no.

Vice-Chairman Gatsas asked what is the cost of that position.

Ms. van Zanten answered with the prior Director it was valued at \$100,000 but a new Director would be \$78,629.71.

Vice-Chairman Gatsas asked what was the exact amount for the current Director.

Ms. van Zanten answered \$100,885. That is about a \$22,000 savings.

Alderman O'Neil stated I just want to make sure we are all talking about the latest vacancy report I have. You mentioned the Administrative Assistant III is vacant and that has been vacant since when?

Ms. van Zanten responded October.

Alderman O'Neil stated I have listed here a Librarian I. Is that the Catalog position?

Ms. van Zanten replied yes.

Alderman O'Neil asked and that has been vacant since when.

Ms. van Zanten answered January.

Alderman O'Neil stated the Director technically is not vacant until July correct. Those are the three I have. Did you mention another position that may not be on this list?

Ms. van Zanten replied according to our complement we are still carrying a Librarian I that was a reference position. That has been vacant since 2002.

Alderman O'Neil asked do you know what your total complement of Librarian I's are. We show four with one vacant.

Ms. van Zanten answered we actually have five with two vacant.

Vice-Chairman Gatsas asked what do you show for a full complement on that list.

Alderman O'Neil stated I think this is the latest one dated April 24. It shows 39.

Vice-Chairman Gatsas replied 39 and she said she has had two vacancies since 2002.

Ms. van Zanten stated no just once vacancy since 2002 and then the other two have been vacant – one from October and one from January.

Vice-Chairman Gatsas asked so if I subtract an additional \$22,000 you are at \$1,620,039.

Alderman O'Neil stated I just want to make sure...I agree with everything when you are talking about the three positions, the Administrative Assistant and the Librarian I but it doesn't work out, this other position doesn't show up on our...if it is there it should be a complement of 40 and not 39.

Ms. van Zanten stated on my complement I am showing the Librarian I... we are showing one Librarian I unfilled when we put the complement together in October and one of the Librarian I positions was actually filled by another staff member.

Alderman O'Neil stated maybe we can get some clarification. Maybe you can work with HR to get some clarification.

Ms. Lamberton stated your Administrative Services Manager was reclassified to an Administrative Assistant III so you don't have that title anymore so that doesn't count.

Alderman O'Neil replied right that agrees with the sheet we have. There seems to be a difference on the count of Librarian I positions.

Ms. Lamberton stated the other thing is I think it was three years ago that if a position was vacant at the time the budget passed and there were no provisions made otherwise to keep it they were automatically abolished. So if the position has been vacant since 2002 it probably got abolished and you just didn't know it.

Ms. van Zanten replied it was listed on the complement that I got. The report said that position was unfilled.

Alderman O'Neil asked can we get some clarification. So you have that they have four Librarian I positions?

Ms. Lamberton answered yes.

Alderman Roy stated Denise you had mentioned the former Director's salary. You started off with \$108,000.

Ms. van Zanten stated no it was \$100,885.20.

Alderman Roy asked Deputy Solicitor Arnold are we allowed to talk about that severance package in public or do we need to go to non-public.

Deputy Solicitor Arnold answered I think you can discuss the actual terms in public.

Vice-Chairman Gatsas asked and the new Director's wage is how much.

Ms. van Zanten answered \$78,629.

Vice-Chairman Gatsas stated Ms. Lamberton let me ask you a question. In the FY06 budget it shows me a line item for benefits. It has \$548,517 and it shows me a health benefit...I guess my question is with the health benefit. The health benefit is \$223,285 but I am seeing in the FY06 appropriation \$244,593. Is that a right number?

Ms. Lamberton responded that is what we gave them this year. Sometimes when we do the projections the numbers are changed someplace else so they are inconsistent with what we originally projected.

Vice-Chairman Gatsas asked what did you originally project for FY06.

Ms. Lamberton answered I don't have that information with me.

Vice-Chairman Gatsas asked your number for the request in health insurance of \$364,061 is that a number that you gave them.

Ms. Lamberton answered that would be a number that we would have provided yes.

Vice-Chairman Gatsas asked did you provide the City Contributory number.

Ms. Lamberton answered we are given a percentage to put into the system and that pops out the number. The percentage of the position's salary.

Vice-Chairman Gatsas asked on the contributory side.

Ms. Lamberton answered right we are just given a percentage to take out.

Alderman Roy asked Denise in your request the Library Cataloger was that included in your salary line item.

Ms. van Zanten answered yes.

Alderman Roy asked as well as the Director and the three vacant positions that would earn \$35,110.

Ms. van Zanten answered yes.

Alderman O'Neil stated that is where I am confused. Where do those other three vacant positions come from?

Alderman Roy stated I just want the bottom line of what was included in the request and I was unsure whether we are going by HR's report or what was said.

Ms. van Zanten stated what Alderman O'Neil said is one less than what I am showing from my most recent complement from HR.

Alderman Roy asked so are there two at \$35,110.

Ms. van Zanten answered there are three but one obviously has disappeared.

Alderman Roy asked so there are three in your request line item.

Ms. van Zanten answered yes.

Alderman Roy stated I am happy with all of the employees that are there. It is the ones that aren't there that we need to get out of your request. So there are three at \$35,100 in your request, as well as the Director and you did add in the Library Cataloger as the needed position?

Ms. van Zanten replied the Library Cataloger is one of the three vacant positions that we need to fill.

Alderman Duval stated I think during your presentation you mentioned seven public service desks. Those are all at the main Library?

Ms. van Zanten responded yes. The main Library has three floors. We have two Circulation Desks – one on the main floor and one in the Children's Room because the Children's Room is in the basement at the handicapped entrance area. We have a Children's Reference Desk as well down there. On the main floor we have our rotunda, which is our Reference Desk. We have a public periodicals desk, which is over by our microfilm reader printers on the far side of the building and then on the second floor we have two public areas. One is the NH History Room, which is staffed whenever that room is open and our Art and Music Room has another service desk.

Alderman Duval stated I take it you are advocating that each of these desks has to be manned at all times due to the configuration of where they are.

Ms. van Zanten replied we try to man the second floor desk as much as we can because that is the only staff member who is assigned up there. The staff offices are up on the second floor. I will defer Dee on this one because that is her department.

Dee Santoso stated it certainly is better when they are fully staffed because it helps prevent theft and sometimes there are people waiting around in the Art and Music Room and we don't know they are there because we are on the main floor. The same thing with the Periodical Desk. You can't see the people in the microfilm reader/printer area so it is certainly more efficient and it helps provide better service to citizens when we can see them. It is a big building and it is hard to see all of the nooks and crannies.

Alderman Duval stated I would imagine in an effort to increase efficiency in your department you have obviously had this discussion before amongst yourselves in terms of monitoring the number of people that go to each desk and how you can reconfigure it.

Ms. van Zanten responded yes we have discussed that. We keep reference statistics at every single desk and they are all very well used.

Alderman Duval stated I heard you mention theft and that was my next follow-up question. It had to do with and you have to forgive me because I am not sure of the history of this while issue with security at the Manchester Library. I recall tidbits of it but to be honest with you I am not really clear. Can you just give us a synopsis of it and how the need for security at the Library came about?

Ms. van Zanten replied I am going to defer to Dee on that one because she has been there longer than I have.

Ms. Santoso stated the need for security at the City Library became quite apparent in May 1995 when three children were being solicited inside the Library. One of our staff happened to get wind of it as he was leaving the building when his shift ended. If he had not intervened, all three of them probably would have been molested. As it was, one of them was molested and he intervened to prevent further molestation of those children.

Alderman Duval asked prior to that time there was no security at the Library.

Ms. van Zanten answered no.

Alderman Duval stated the Manchester Library Foundation, how does that benefit the Library and what do they add in the way of services and/or funding.

Ms. van Zanten replied the Manchester City Library Foundation is a non-profit group that was started I think back in the early 90's. They are very good at raising monies for the Library. They do a fundraiser every year – our annual author fundraising, which is May 17 by the way. I will do a plug for that. Robert B. Parker is going to be here. In the last year they actually paid for new bookracks of \$16,000. They paid for our computer training room. They have \$12,000 for that. They gave \$4,000 for the YA corner. They gave us another \$12,000 for our West Branch to buy the furniture after the renovations were completed. So they do a lot for us and they are very much appreciated.

Alderman Duval asked the money they generate for the Library is that restricted.

Ms. van Zanten answered a lot of it is. A lot of the money comes from donations in memory of people. We had our biggest bequest, which was the Harvey Dodd estate. That is valued at about \$734,000 right now but that is restricted to only art books and it is interest only. We can't touch principal.

Vice-Chairman Gatsas asked how much does the Library Foundation have in it.

Ms. van Zanten answered \$734,000 in the Harvey Dodd. There is about a \$9,000 annuity and there is about \$50,000 in their general fund that is partially restricted.

Alderman Lopez stated just to follow-up a little bit on security, there are other things that happen over there...I mean over the years it must be just more than the incident you mentioned.

Ms. Santoso responded it also helps to prevent theft. It helps prevent patron interactions. We have had patrons upset with each other and fight with each other. We had a gentleman pull a knife on another patron at one time for tapping his fingers while he was reading the paper. There are all kinds of incidents that occur at times.

Alderman Lopez asked how many times do you think the Police have been over there.

Ms. van Zanten answered actually because we have security guards and they handle a lot of that we don't have the Police as frequently as we would otherwise and we are kind of glad about that. The security guards are very good at handling general patrolling of the building, keeping an eye on things, unlocking doors that need to be unlocked for events and they will chase somebody right down the front stairs to get back that taxpayer's book and we have prosecuted in the court system before.

Alderman Lopez stated I think we transferred the two officers over there right.

Mayor Guinta stated what I did was there was \$40,000 roughly in the City Clerk's budget for FY06 if I remember correctly. Is that correct?

Deputy City Clerk Johnson stated there was a total of \$70,000.

Mayor Guinta stated yes there was a total of \$70,000 in FY06 all under City Clerk. I gave \$30,000 to the City Clerk and \$30,00 to the Library. I think at the last meeting Alderman O'Neil had talked about for flexibility reasons would there be a problem with putting that all under Clerk as we had in FY06 and having that flexibility in case the Library needed it. I am okay with that but as this budget stands it has \$30,000 in it for security. Essentially, I felt that the security needs based here and at the Library could be done for \$10,000 less. That is how it came out to \$30,000 on each side.

Alderman Lopez asked so you had \$70,000 and gave them each \$30,000 and that is \$60,000.

Mayor Guinta answered right I removed a total of \$10,000 from security so \$5,000 from each.

Alderman Lopez asked so if we went back to what it was we would need \$78,000.

Mayor Guinta answered I thought it was \$70,000.

Deputy City Clerk Johnson stated full funding of the security guards as they presently exist is actually \$82,000 but it was approximately \$75,000 that we had...

Alderman Lopez interjected so we would be short \$15,000 roughly.

Deputy Clerk Piecuch stated the \$82,000 that Carol is refer to also includes their benefits. The salary line item itself was \$70,000.

Deputy City Clerk Johnson stated \$70,920.

Alderman Lopez stated let's go back to the trust fund. I read a lot of articles. Is there something wrong with Manchester, NH. People give \$1 or \$2 million in other places. Don't we have any big donors? What is the goal of the Trustees to increase that? Maybe that would be the appropriation question to ask.

Ms. van Zanten stated there is actually \$2.8 million currently in the Library Trust Fund. Unfortunately, most of those monies are restricted so we can only spend the interest. Last year we had about \$80,000 in interest that we spent and this year we are actually doing a six-month budget so that the Trustees will get us on a fiscal year because they have been running on a calendar year.

Alderman Lopez stated we give you a budget and then you get an additional \$80,000 or \$100,000 from the trust fund. What can that be used for?

Ms. van Zanten replied what we use the trust fund for are restricted items that are for library materials. We also use it for all of the staff development. There is no staff development in our City funds. The trustees pay for all of our training courses and most of our professional dues. They also pay for all of the Library programming. Any costs for Library programs is paid out of our trust fund.

Alderman Lopez asked is there an endowment or just a trust fund.

Ms. van Zanten answered there are endowments. We call them named trust funds because they have been set and we can only spend the interest on them.

Alderman Lopez asked is there a goal to increase that.

Ms. van Zanten answered I would hope so.

Alderman Lopez asked have the Trustees talked about maybe increasing that to \$5 million.

Mr. Devine replied when you want to make that donation Alderman Lopez...

Alderman Lopez interjected well there might be somebody out there that might want to give you some money if you put a pitch in for it.

Mr. Devine stated the Trustees work very hard...first of all the Foundation that Denise talked about was originally created by the Trustees. It is now a separate private foundation and we are not on their Board anymore but the founders or the original donors to it were the Board of Trustees. Different trustees...several people on this Board have raised and given personally thousands and tens of thousands of dollars to the trust fund. My family has created one in memory of my mother and receiving monies every six months. I think everyone on the Board tries very hard to increase that funding but if you look at the great industrialists who originally gave big trust funds...in fact our whole beautiful library was a donation from Frank Carpenter. Those types of individuals with their roots in this community don't really exist anymore. All of the industrialists and their companies have been bought out by out-of-state interests so it is a harder game. We fight as hard as we can. We work hard and we pledge to continue to.

Alderman DeVries stated we spoke quite a bit about the security issues. I believe in your proposal, your department request, you had asked for a change in the security guard scenario. You were looking for full-time?

Ms. van Zanten stated we didn't know that the security guards were...there was talk between the City Clerk's Office and the Mayor's Office and when I spoke to the Mayor on March 27 that is when he told me that two security guards were coming to the Library so that was after we had put in our request so we didn't include them as part of our complement. Because of some of the changes with the benefits and salaries that we discussed earlier, my yellow sheet budget will include them.

Alderman DeVries asked and the arrangement you have had with the two part-timers is sufficient.

Ms. van Zanten answered it works very well. The two security guards that we have...I guess they are the longest employed security guards in the City. They are very efficient. They know the Library staff and they know our patrons and we would really love to keep them.

Alderman DeVries asked can you guesstimate for me the annual loss of theft without the security.

Ms. van Zanten answered I have to admit that our security system that we have that beeps when people go out is very archaic. I really can't say. Now that we have screens on the window it is a lot better. When we didn't have screens on the windows they used to throw things out the window and then run around the building and grab them. I really couldn't give you specific numbers.

Alderman DeVries stated the West Branch you spoke briefly in your scenarios about the impacts on that. I wonder if you can tell me again. I think I heard that you will need to close that on Saturdays under all scenarios – the Mayor's or the 3%.

Ms. van Zanten replied yes we would need to consolidate the staff to keep Saturdays open at the main branch. All of the Library staff pretty much cover the public service desks as part of their job responsibilities so if you cut full-time people you are cutting hours at the public service desks.

Alderman DeVries asked is that a busy day for the West Branch or not as busy as a weeknight.

Ms. van Zanten answered the West Branch isn't as busy on Saturday as the main Library. We talked...the Library Administrators talked and decided that the Saturday closing would be more acceptable than a day during the week, especially with the new renovations.

Alderman DeVries stated I have one other question. Weren't there some homebound programs that you said might be eliminated under all proposals?

Ms. van Zanten responded yes our home services program, which takes materials to Library patrons who can't get to the library. We currently have 11 staff members who work on that and actually deliver the books to the patrons and also videos and DVD's. We only have two volunteers currently who assist us with that. It is not just the deliveries. It is the picking of the materials and talking to people and getting to know their likes and dislikes that could be impacted. If we have less staff, we won't be able to do that.

Alderman DeVries stated can I ask the Mayor one follow-up question on that. Would it be possible to investigate the VISTA Volunteer Program for that homebound delivery program? I know you have been looking to double that program.

Mayor Guinta responded I would have to check. The guidelines are very stringent. They have to be for project-related events that have a start time and an end time. I don't know if this would completely qualify but I can look into it and get back to you this week.

Alderman DeVries stated just to carry that further with your staff, hearing that there is a volunteer program out there that might be something that you might want to follow-up with with Dennis Hebert in the Planning Department who oversees the VISTA Volunteers. That might be a resource that could ease some pain.

Ms. van Zanten responded we will look into that.

Alderman Thibault stated first of all I would like to say that I was a Trustee with the Library for about four years. I know the amount of work they put in over there and I certainly want to tell you that as long as I have been an Alderman I have never had as many letters and requests to make sure that we don't cut the hours, especially at the West Side Library. I am sure at the main Library also. The thing is if we look at all of the other cities around Manchester or the same size as Manchester, we always underfund our library. Just now I was thinking that I would like to get the statistics from other cities of comparable size to Manchester as to how much...how many people to they serve and what is their cost compared to Manchester and what do they get from their city as compared to what the City of Manchester puts in. I think the City of Manchester has always underfunded the Library by a major majority. All of the time I have been involved I have always seen that. I just want the members of this Board to understand that the children of the City are the ones that are going to really get hurt by this again. I happen to talk to many people on the West Side. We come from an area where there are an awful lot of apartments and low and median income people where kids don't have computers at home and they have to depend on the Library to get their homework done. This is going to impact the West Side kids very big. I would just like the members of this Board to understand that you are not just cutting the people that run the Library or the staff that they have but you are damaging what these kids should have to be able to learn on the West Side of Manchester.

Alderman O'Neil asked your Honor in your summary of your recommendations you recommended approximately \$174,000 in salary reduction and a staff

complement from 39 to 35. Once you got to the 35 was there another 4% on top of that to handle the attrition?

Mayor Guinta answered yes. My recommended number for salary would be at the complement I am recommending then you take 4% out of that for salary adjustment. If I can just clarify to Alderman Thibault, I think in the proposal that I put forward the Library is saying they would close hours at Pine Street but not at the West Side. I don't believe they need to do it because quite frankly they have 51 employees to play with to manage it.

Alderman Thibault replied I would like to see something happen.

Alderman O'Neil asked so the Mayor's recommendation is to get down to 35 positions. What does the 4% in salary reduction equate to in full-time positions?

Ms. van Zanten answered the cut of the 4% was about \$52,420. That is another two clerical positions or more than one professional.

Alderman O'Neil stated I don't know if we are going to solve over the next six weeks the issue of...I think we all agree that security needs to continue. I don't know how important it is that two of the positions are dedicated only to City Hall and two specifically to the Library. My understanding is there is a sharing and if one of your two regulars at the Library is out one of the two security people from here will cover and vice versa. I don't believe...is that an issue that you are aware of?

Ms. van Zanten replied right now it is not. The two security guards have been doing all of the 60 hours at the main Library. It is very rare that they get pulled to do City Hall. Now we are missing...we used to have three. Eric left a few months ago so we are down to two.

Alderman O'Neil stated my understanding was that there were two at the Library and two here. The reason I suggested it was just for that reason. If somebody was out at the Library they could pull from one of the two here to go over and vice versa.

Ms. van Zanten responded if they were cross-trained yes.

Alderman O'Neil stated I don't know if we need to settle that before the second week in June but we can certainly continue those discussions.

Mayor Guinta responded either way it is in there, whether it is in the Library or City Clerk.

Alderman O'Neil stated right it is similar to the discussion of school nurses. I do want to clarify to make sure I did not misunderstand what you said regarding...did I hear you say you were short \$50,000 to \$60,000 for electric utilities?

Ms. van Zanten replied no. We requested \$85,000 for electricity in FY07. The Mayor gave us \$65,000, which is \$20,000 more than we currently have in FY06 but the estimated cost for electricity at the main Library with the new ventilation and HVAC system would be \$55,000 to \$60,000 and I still have the Branch Library to pay for.

Alderman O'Neil asked can you walk me through this again. Your request was \$85,000 and the Mayor gave you \$65,000?

Ms. van Zanten answered right and we compromised when we talked to the Mayor and thought maybe we could get it down to \$75,000 and that is what I put in my 3% budget was \$75,000.

Alderman O'Neil asked so you are short at least \$10,000.

Ms. van Zanten answered yes.

Alderman O'Neil asked does that include or not include the West Side Library.

Ms. van Zanten answered that is including the West Side Library.

Alderman O'Neil asked is that just electric or were there concerns with natural gas.

Ms. van Zanten answered they have a very interesting system at the West Branch. They have what they call a pre-heater system, which is gas and then they have mainly electric radiators throughout the building. Their electricity costs went up significantly when we opened up the main floor.

Vice-Chairman Gatsas stated let me take you through a little bit of history that I have here in front of me. I am looking at your 2004 actual expenditure. Your actual expenditure in 2004 was \$2,413,642. Your actual expenditure in 2005 was \$2,451,808. That is less than a 2% increase from the previous year. From 2005 to 2006 and we can't tell because that is just based on a modified budget. That is about a 10% increase. From your modified budget, what your request was is 15%. I would say to you that if we had 15% throughout this City we would be in an absolute panic. I guess I will leave those numbers with you so that you can see what kind of a budget we will build or you will build on your yellow piece of paper when you come back to us next week but some other questions, some of the

things we have been talking about in City government are efficiencies. I would like to see on a per day count the number of people or maybe you have that in front of you, the number of people who go through the Library on a per day basis.

Ms. van Zanten replied not per day. We do it monthly.

Vice-Chairman Gatsas asked you don't have it anywhere.

Ms. van Zanten answered we record it monthly.

Vice-Chairman Gatsas asked you have no reporting on a daily basis whether you get two people in or whether you get 200.

Ms. van Zanten answered we count it monthly. We have counters on the doors.

Vice-Chairman Gatsas asked so you could do it daily.

Ms. van Zanten answered we could and we can do that for next week.

Vice-Chairman Gatsas stated give me a monthly average for 12 months.

Ms. van Zanten responded about 25,000.

Vice-Chairman Gatsas asked and that is on a six-day week.

Ms. van Zanten answered yes except for the summer when we are only open five days. That includes the West Branch. That is for both buildings.

Vice-Chairman Gatsas asked so roughly on a weekly basis it is 4,000 or a little more.

Ms. van Zanten answered 5,000 or 6,000.

Vice-Chairman Gatsas asked is there any way we can get at least in the next week before you come back with your yellow sheet what the daily count is.

Ms. van Zanten answered we could do it at the main Library.

Vice-Chairman Gatsas stated the main Library is fine.

Ms. van Zanten asked do you want all of the statistics on a daily basis besides people who actually walk in the door. Do you want reference questions and circulations on a daily basis?

Mr. Devine answered we have a lot of statistics.

Vice-Chairman Gatsas stated I am just looking for the number of people who walk in that front door and I hope the same number walk out the front door.

Mr. Devine stated a lot of library services and people reserving books and taking materials are done on our website as well. That is actually usage, reference materials in and out, books reserved and books extended.

Vice-Chairman Gatsas responded and some people getting out of the cold.

Mr. Devine stated we keep a lot of statistics on usage of...

Vice-Chairman Gatsas interjected I don't want to be confused. I am jut looking for in the front door and out some other door.

Mr. Devine stated I am just suggesting that you are missing important information limiting it to that.

Vice-Chairman Gatsas asked can I have it based on a six-day week, Monday through Saturday and if you need an extra few days to compute that so that we have a pretty random mix.

Ms. van Zanten answered we can start it tomorrow morning and it will be Tuesday through Monday.

Mayor Guinta stated the last time we met was...

Ms. van Zanten interjected April 14.

Mayor Guinta stated I had asked you to compile this. We were talking about how we could stagger the employees so there wouldn't have to be an hour closing of the Library for the first hour of the day. I said why don't you bring in half of the employees at 8:30 and the other half at 10 AM and you said you were going to identify how many users we had in the morning.

Ms. van Zanten responded I was. I just haven't done it yet. I talked to the staff about it. We can do the same thing for this. We can count between 8:30 and 10:30 when we first open.

Mayor Guinta stated but after the meeting...I asked you for a month period so we can determine if, in fact, you have to actually close the Library hours because I

don't think you have to. I just think you have to stagger. You have not been doing that since our meeting?

Mayor Guinta responded no. I thought you meant Children's Room usage and I did ask the Children's Room staff to do that but I don't know if they followed-through. I haven't had a chance to check on that. We can do that. It is May 1 and we can track that this month.

Mayor Guinta stated by the way the elevator does work from the basement to the top floor right.

Ms. van Zanten responded yes.

Mayor Guinta asked so people who need to use the elevator...it is completely accessible.

Ms. van Zanten answered yes. They have to walk through the Children's Room, down the hallway and into the elevator.

Alderman Roy stated Denise I am going to throw some ideas at you and get some information from either you or the Trustees. One of the management things that seems to be fairly popular with Health and Welfare and some of our other departments is getting rid of...keeping the Director's position and getting rid of the Deputy Director's position. I don't want to go too much into the former Director but what impact or thinking outside the box if we were to eliminate the Deputy Director's position what would it do to the Library if we had filled the Director's position naturally.

Ms. van Zanten responded the Deputy Director's position handles all of the personnel issues for the Library. I don't know if I mentioned but the Library's paraprofessional staff is unionized so there is a lot of that kind of work. They also compile all of the statistics as well as cover the public service desk. They also assist with the financial day-to-day running of the Library.

Alderman Roy stated in looking at the management of the Library over the past few years, with the Director we had and the Deputy Director we have could that position be eliminated if there was a qualified Director.

Ms. van Zanten responded well I am pushing myself right out of a job, which I really don't want to do.

Alderman Roy stated I look at the position and now who is in it right now.

Ms. van Zanten replied I really can't honestly say because the last...I have only been in the position of Deputy Director since January. I have been acting Director since December and most of my time has been spent on budget preparation and trying to just maintain the running of the Library so I really can't say.

Alderman Roy asked just to clarify so that we are not scaring anyone listening at home or yourself here, I have gotten great reports on how you run the Library. I have been told that you would make an excellent Director. I would look to continue your interim status on a full-time status and go forward with that, where you have been doing the job since December, and we are now coming to the end of budget season into May I would look at the \$72,000 that we pay the Deputy Director, yourself currently, eliminating that and adding to your responsibilities potentially as Director and that is the direction I am going in with that \$72,000. Also going back to...there was a statement made and I am not sure if it was a from a Trustee that the Director's position wouldn't be filled until this fall. Can someone explain that?

Ms. van Zanten answered that would be if we had to pay his severance out of FY07. We would basically have to make-up all of the vacation time. If it is resolved in a different manner the Trustees may be able to do the job search sooner.

Alderman Shea stated I was going in the same direction. I have to say of all of the presentations you have been solid. I mean you have answered all of the questions and you have been really forward. You haven't backed down and you have been excellent in your presentation and I really mean that. I would like to go along with Alderman Roy. Fred Ruscsek came in with a reorganization and I wonder if we can use that same kind of approach assuming that the Trustees have as much confidence in you as has been expressed by the Board members and if you could come up with some sort of reorganization, which would make it a situation wherein you could utilize people for their expertise assuming you are in a leadership role. I think that would be helpful. Another point that I want to bring out is that this presentation had a letter from a former student that I had in school. He would be considered a gifted student and he didn't do one math book, he did 12 for me. He didn't do one spelling book, he did 5. He wrote almost a thesis. He is now someone who has charge of Library Science at North Texas State. I know his dad who worked at as a page and he forgot more than I will ever know because he was that brilliant. This particular article I am sure was well reserved by everyone who saw it.

Ms. van Zanten replied it came out of the blue. I received it in an e-mail on Saturday and I said who is this? It was a very nice article.

Alderman Shea stated he went to Wilson School and Central High School. He was in my Science Club and he did a project that was stolid. As Alderman Thibault did, I served on the Library Trustees for several years and was quite impressed with all of the members. They are hard working and dedicated. Thank you for your work as well.

Alderman Long stated first of all I want to thank all of you for your commitment. Secondly, there aren't too many opportunities out there where people get a free opportunity to an open source of education, whether it is through the Internet or whether it is through reading. As I walk Ward 3 the Library is an integral part of the ward. I spoke with a woman who takes her kids to the Library when the apartment goes into disarray and there is either fighting upstairs or downstairs. Her and her kids go to the Library and they use it in a positive way. It is not a hideout. She reads to her kids. With respect to security, I am unsure if the nurse's scenario...I saw the lower numbers with respect to security. Security, one, would put an extra burden on our Police force if were to omit them. I realize that we are not looking at that but also the sense of safety. If there are security personnel there already, they already know what to look for, what areas to look in, and what looks suspicious. With respect to a sense of safety, a 13 or 14 year old doesn't have to be accompanied by a parent to go into the Library. I don't think they do anyway. With respect to the Director's severance, did I understand you right that in FY06 there was \$57,000?

Ms. van Zanten replied we have left over in our salary line \$57,000 as of this week.

Alderman Long asked of which \$44,000 is due him.

Ms. van Zanten answered yes that is an estimate.

Alderman Long asked and what we are looking at is whether or not it is vacation time...

Ms. van Zanten interjected I believe the attorneys are talking about whether or not it will be acceptable to that person.

Alderman Long asked and none of that is in your request or recommendation.

Ms. van Zanten answered what we were planning on in our FY07 request basically because the salary...that is one of the reasons why we weren't going to hire a Director until the fall because we would have to not only eat the vacation time payout but also make up the severance difference.

Alderman Long asked of the 39 full complement that we currently have how is that split between Pine Street and the West Side.

Ms. van Zanten answered the West Branch actually is very understaffed. That is one of the reasons why I would like to, if I got some of my positions filled, move another full-time position over there. The West Branch has a Librarian III. He is in charge of the Branch and does all of the reference work. They also have two Library Clerks, a part-time Library Page and one of our Librarian I's, who is our Children's Librarian, actually splits her time between the West Branch and the main Library. Now that they have three floors to cover versus the two they are stretched to the max.

Alderman Long asked so 5 of the 39 cover the West Side.

Ms. van Zanten answered there are three and a half or almost four because there are two part-time positions. One is a Page. He is a teenager who just shelves the books.

Alderman Long asked with Alderman Gatsas' daily in and out is that going to be for Pine Street or the West Side.

Ms. van Zanten answered I will do the main Library. I have to talk to the Branch Librarian to see if they can do that.

Alderman Forest stated I wish I could remember who said this and quote it exactly but I can't remember. I was told once that the Library is the only place you can go where you can be whoever you want to be and go wherever you want to go. That is one quote that I remember from school. The question I have and I am not on my yellow sheet or white sheet or anything else but in the book you have item 0660, which is records and music and I just want to know if this is a typo. Your actual expense is \$2,600. Your modified budget is \$3,500 and your request is \$25,000.

Ms. van Zanten responded yes that is correct. I was trying to get more Library reference materials. Our records and music line actually pays for all of our audio books. \$3,500 doesn't go very far. Those cost anywhere from \$50 to \$100 each. In my previous life I was the head of technical services so I was the person who expended all of those lines and I had to get very creative with funds to pay for our standing order plans so I did ask for \$25,000 this year. Our standing order plan is \$21,000.

Alderman Forest stated I know from family and friends that the in thing right now is to rent CD's and rent talking books and all of that.

Ms. van Zanten replied yes that is what that line pays for.

Vice-Chairman Gatsas stated let me just try to take you through where I am. I have taken your FY06 budget as a starting point. The \$2,701,475. I increased that by 2%. That takes me to \$2,735,854. I then went into your FY06 budget and did the allocation of what you were requesting for FY07. In other words, I went to the service agreements. You were looking for \$10,000. There was \$29,000 budgeted in FY07. I subtracted \$19,000. I go down to the next line, the contracts. You are at \$33,200. We didn't hear anything about why there is a \$28,000 difference there.

Ms. van Zanten stated that is the Consortium contract. That pays for our automation system. What I did in this year's budget request was put that money all in one line. It was paid out of the service agreements, as well as the contracts. That is why I reduced one line and increased the other. Our contract for next year is going to cost us \$61,000.

Vice-Chairman Gatsas replied let's just leave that on the side for \$28,000 for a second. I then went down to your line item for rental of machinery. Your request was \$600. I deducted \$650. I went down to your line item of insurance and increased that by \$2,000 to get you back to your \$48,000 request. I then went down to your postage. You asked for \$5,900. I added \$750. I went down to general supplies. You asked for \$30,000 and I left you at \$25,000. I went down to your books. You were asking for \$300,000. I moved you to \$250,000. Periodicals I left you at \$20,000 and not the \$25,000 that you requested. Electricity you requested \$85,000 but I understand you said you could live with \$75,000 so I added \$30,000 to that line item. I think that just about does it and the total was \$2,820,715, which is about \$150,000 more than the Mayor's budget and I guess we will leave the \$28,000 out for now and have you come back with a yellow sheet that you can maybe doctor up and get it closer to the 2%.

Ms. van Zanten stated the \$28,000...the contract pays for our automation system, which is a computer system that the Library uses and we are contractually obligated to pay that to stay a member of that Consortium.

Vice-Chairman Gatsas stated I left it out and maybe you can find a way to move some other numbers around to get to that number.

Ms. van Zanten replied okay.

Mayor Guinta asked so it is a \$150,000 difference between...

Vice-Chairman Gatsas interjected between where you are Mayor and what the FY07 request was.

Alderman O'Neil asked can we make sure that the Library and HR meet to get a confirmation on the complement because I still am a little bit confused on it.

Alderman Roy stated this is not Library specific but the second or third time we have had department to HR confusion, not only in complement but in benefit numbers. I would ask for a report of salaries of full complement and updated budget numbers. That is probably just a click of your computer program Ginny. Is that possible?

Ms. Lamberton responded it is not just a click of the computer. It probably takes three days to do all of that.

Alderman Roy stated I will meet with you to talk about the request and updating some numbers.

Vice-Chairman Gatsas called for a two-minute recess.

Vice-Chairman Gatsas called the meeting back to order.

c) Finance Department

Kevin Clougherty, Finance Officer, stated on my left is Randy Sherman who performs the Comptroller function for the City and looks over the accounting and financial reporting side of our operation and on my right is Joanne Shaffer who administers the Treasury functions or the debt and investment side of the City's operations. We provided the Board with a two-page summary sheet. We will try to get through this efficiently and answer questions. If you have the document we handed out there were four columns. The first column was the 2006 adopted budget. The second column is 97% of FY06, which would be the 3% cut. The third column was the FY 07 request from the Finance Department. The last column was what the Mayor is recommending for the Finance Department. What we tried to submit this year as part of our request, what I would consider a maintenance budget to the Board. The difference between our request, which was \$1,349,076 and our 2006 adopted, which is \$1,278,340 is \$70,000. That \$70,000 is really made up of three items. The first item is \$30,000 of the \$70,000 is the health insurance issue that we have heard about where when the initial runs were made there was about a 30% increase in health insurance. That has now come down to 7% but when the requests were made we had that additional amount in there so \$30,000 of the \$70,000 difference is health insurance. \$20,000 is salary. If you take a look at our salary line, it is about a 2% increase year over year. What

we have been doing is as positions become available we take those positions and divide them from full-time positions into part-time positions and save on benefits. So we have been able to run a fairly efficient operation. When I started with the Finance Department a number of years ago the Finance Department complement was 20 people and within that 20 about 15 were related to the functions that we were performing for accounting and treasury operations so that has been constant. Back when I started the budget for the City was \$30 million. So today we are doing with 12 full-time and 2 part-time people the entire operation of the City – all of the investing, all of the debt management, all of the checks, all of the accounting, all of the financial reporting and when I started with the Finance Department there were no generally accepted accounting principals and it was a much different day. Today generally accepted accounting principals constitute 7,000 pages of regulation and you have got all of these regulations for the accounting of the City's finances. You also have all of the IRS regulations and you have all of the requirements for the FCC that are coming as a result of some of the scandals that have been happening so the responsibilities of the office are getting much more complicated and much more complex and the tools that we use are much more sophisticated. The budget that we recommended to the Mayor had a \$20,000 increase. All of that was the increase for the current complement to maintain them at their current rates and step increases. As I said that was about a 2% increase as I recall. The remaining and one thing I will say about our staff is even though it is small it is highly professional, well trained and well recognized. On Wall Street if you read any of your credit rating reports although they say that our reserves aren't high enough and our population isn't quite what it should be in terms of wealth, the one thing that they do point to year in and year out, report in and report out is the strong management in the Finance Department and the continuing and cross-training and the ability to be able to give them reliable, accurate financial reports on a timely basis. I am very proud of our office and very proud of our staff. I think they do a great job and I think they do a lot with a little. We train them well and we are moving into a different environment. This country is rapidly moving away from paper and away from magnetics and into chip operations and we are going to see more e-business and more Internet and it is going to take a different person to be running these systems. You are going to have to be highly trained and you are going to have to stay on your training if you want to keep things moving in the right direction. So our budget provided for the complement to stay the same – 12 full-time and 2 part-time to train them and make sure they receive the benefits that they are entitled to. The other difference in our request was \$20,000 in contracts. We have contracts for a number of services – financial advisory services for our trust funds and for bonds. We have Bond Counsel requirements but the bulk of the fees are for banking services and those are driven by volume. As your budgets get bigger and the transactions get more complicated those fees are what are reflected here. That is basically the change from what we requested versus FY06. If you take a look at the Mayor's

recommended, what the Mayor recommended was in order to try and save some dollars to give us two people and bring in lockbox services. Right now we pay about \$75,000 a year for lockbox services with the bank. The Mayor's thought was if we brought that in-house and he gave us two positions, rather than eliminating those two positions as he did in other areas – the two positions are one from City Clerk and one from Building Maintenance. They would come to our office and we would perform the lockbox function internally. That would save us \$75,000 each year going forward. This first year you are not going to have a lot of the savings but it puts you into a position to bring in more accounts receivable, automate more systems, reduce that volume that is done with paper and save some money in your banking fees going forward. That was his thought. If you take a look at the Mayor's recommended, he basically gave us our request plus about \$9,000 and said I will give you these two positions so you can bring lockbox in-house. The reason that was able to be done within the \$9,000 is of course because we save on the health insurance because it went from 30% to 7.5% but then we also had to make adjustments for retirement because as you know in the original budget request from the departments there was no increase for retirement and in the Mayor's recommended we had to put in that 12.04%. Once you net those out and come down to the cost of about \$180,000 to do this service we end up at the Mayor's recommended number of \$1,358,065.

Vice-Chairman Gatsas asked what is the increase on the \$61,000 for equipment.

Mr. Clougherty answered that is to buy the actual lockbox scanner. The way the lockbox works is you have an electronic letter opener and it is a scanning unit. You have two people standing there and they can go through hundreds of thousands of items in hours. You are taking all of these things and just scanning them into the system. It costs about \$60,000. For that you get the maintenance and your back up in the event that the machine goes down. You will get some training. That is what the \$60,000 is for. To help us bring that function in-house. It is a matter of timing. If you want us to bring it in this year...we don't want to come in the current tax bill and say we are going to do lockbox for you. We are going to have to maintain the current contract for at least the first billing. We will try to get it up and running for the November billing but it is a question of can we get the equipment in and get the people trained and we want to make sure we do it right. We are talking about millions of dollars in tax proceeds and payments for water and sewer bills. We want to make sure this thing is up and running correctly this year so that next year it is hitting on all cylinders and you are saving money.

Vice-Chairman Gatsas asked what is the basis of a lease. Did you look at a lease instead of a purchase?

Mr. Clougherty answered we haven't decided which path but you could go either way. The recommendation from the sales people and the banks is to own. I might add along those lines that a lot of the banks around here have been in the lockbox business as a moneymaker for them for years. They are all backing off of that now. So when you send your stuff to the lockbox and it used to go down to the post office in Manchester it is going to be going to Connecticut or Rhode Island because they are all consolidating these operations on a much larger volume with bigger machines. If we do it here we have some local control and there is some benefit to that.

Alderman Lopez stated I think we need to understand what we are saying here. We are going to take over an operation that the banks are capable of doing today.

Mr. Clougherty replied we are paying them to do it.

Alderman Lopez responded that is correct. You said we are paying them about \$75,000. Do we know that...when you have the contract for \$75,000 how many transactions are we doing? Is that about 260,000 transactions for Water Works and EPD and stuff like that?

Mr. Clougherty replied 240,000.

Alderman Lopez stated just let me get my train of thought. The volume that you are talking about and what we are doing today and savings and having two more employees and benefits and doing everything in-house to me is going to cost more. I worked in the Post Office so I know exactly what you are talking about and it is a lot simpler for the banks to come and do that instead of buying the equipment. All of your major corporations do that but mostly the banks do it because it is a service that they provide. Talking two people is going to cost you, in my opinion, more money. That is my opinion otherwise we would have got into the lockbox a long time ago.

Mr. Clougherty responded again the technology has changed. The reason the banks did it is because there was such a heavy capital outlay in these pieces of equipment years ago. Now with technology you can get these machines. One upon a time it was the size of this desk and now they are about 1/3 of that. There are also some things to be realized for the City if you do bring it in-house. You could then start to get other applications that aren't being used for the lockbox perhaps coming through that system. That is where you would generate a savings.

Alderman Lopez asked did you do a study in Concord and Nashua. I understand Concord is only paying 10 cents per transaction. Did you look at that stuff first because 10 cents for 260,000 transactions is only \$26,000?

Mr. Clougherty answered we have looked at all of the transactions.

Alderman Lopez asked can you provide us that information.

Mr. Clougherty answered yes we can and one of the things, Alderman that you want to take a look at is in addition to the volume you want to take a look at the efficiency that you are dealing with. As the banks migrate to these mega centers, the opportunity to get lost or have error rates and take more time as opposed to having somebody in our office doing it who is looking out for us is a trade-off.

Alderman Lopez responded sometimes it is better to pay for the service because once you have it you own it and if the machine breaks down you have to get a technician in to fix that machine and that is going to be downtime and all of that stuff so if you could get some information on other cities compared to us and whether they are doing lockboxes because I think \$75,000 for the number of transactions they are doing is kind of heavy.

Mr. Clougherty replied we will certainly get you that information. What we want you to understand is what is driving this is the Mayor was looking for ways to have some efficiencies but also if we don't take this in-house those two positions have to be eliminated under his budget. He doesn't have funding for them someplace else.

Alderman Lopez responded that is what I am looking at.

Mr. Clougherty replied that is fine as long as you understand that. We will continue to pay the contract and do the lockbox the way it is.

Vice-Chairman Gatsas asked where did you get the number for Concord.

Alderman Lopez answered I called someone. I didn't get the name but...

Vice-Chairman Gatsas interjected you are saying they are doing 200,000 transactions.

Alderman Lopez stated they said 10 cents per transaction for a lockbox.

Vice-Chairman Gatsas stated there is no way they are doing 240,000 if that is all we are doing here.

Alderman Lopez responded I am looking at 260,000 transactions for the City of Manchester, which would be about \$26,000 versus...

Vice-Chairman Gatsas stated well a transaction could be a bank transaction where they are making a deposit. That is a much different transaction so you better get clarification. That is about every item that goes through your checking account is where they are getting that 10 cents an item.

Alderman Lopez replied we will get that clarified.

Mr. Clougherty stated we will be happy to do that Alderman.

Alderman Lopez stated we need some more information on it. The point I want to make is sometimes you get this stuff in-house and you get the equipment in here and you have people doing it and it breaks down and you have to have technicians come in and fix it so it might cost you more.

Vice-Chairman Gatsas responded the availability to get those funds where they are supposed to be in a credited basis quicker within the department, doesn't that happen if we bring it in-house.

Mr. Clougherty stated we have spoken to the bank and again because of the reorganization of this service in the banks and because of Check 21 we would be comparable. I don't think you are going to lose anything in terms of your float or your daily rates. We would have to structure our collections maybe a little bit different than the banks but you could do it.

Vice-Chairman Gatsas asked doesn't it enhance the payment of the invoices in-house quicker. In other words if you are getting 50 transactions for the Tax Collector instead of having them go to the bank and then come here aren't they recorded quicker?

Mr. Clougherty answered theoretically and what happens to is unlike the bank people who will take a questionable item and just bundle it up we may have our people cross-trained with the Tax Collector so that stuff can go in first and you will have less manual intervention.

Alderman Forest stated I have to go back about three or four years when I first came on Board and brought up the parking ticket issue and researched the Parking Control Manager and all of this stuff. One of the things that I was proposing back then was the lockbox system and I recall both of you coming before the Traffic Committee and the Board telling us and I had agreed because I had seen money hanging around different departments involving parking tickets that weren't being recorded for months but you two supported the lockbox system back then. What has changed between now and then? Like I said then if we didn't do anything

about parking control the lockbox system was what was going to give us our money and our interest quicker. What has changed between then and now?

Mr. Clougherty responded they are on lockbox. Violations go through that. We would add other applications from other departments. Any way that we can get the payment into the system faster electronically through a lockbox scanning it saves the time...it really is in a sense a central cashiering operation.

Randy Sherman, Deputy Finance Officer, stated we have brought Parking Violations in to lockbox at this point. They are going through that. The only difference is now we would do it in-house rather than pay the bank to do it. One of the things that has changed over the last several years is as Kevin said not only has the equipment gotten smaller but if you think of the price of computers when you bought your first computer it was \$3,000 and now you can buy them off of the back of the *Parade* section for \$219. The prices have come down. They have become much more compact and much easier to use and people are starting to separate out. The reason the banks are closing their centers is because electronic payments are up and there isn't the same volume so they are bringing things...they are compacting and closing offices so they can do it. The question is do you want your water bill to be sent to Connecticut or do you want it to be sent here to Manchester? The advantage of it being here is we can make pick-ups several times a day.

Alderman O'Neil stated just a clarification on your manpower. You referenced 12 full-time and 2 part-time but when I look on the report from HR your complement is 13. Is that 13 FTE's?

Mr. Clougherty stated in FY06 we had 13 positions. We took one of those positions and divided it into two. We have two part-time positions.

Alderman O'Neil asked what are those called.

Mr. Clougherty answered they are Clerk positions.

Alderman O'Neil asked are they Office Assistants.

Mr. Sherman answered yes.

Alderman O'Neil asked so that gives you 13 FTE's but the 2 Office Assistants are actually two part-time positions.

Mr. Sherman answered correct. We had one woman retire. She was full-time with benefits. We reduced that to two part-timers who we have actually found that we can bring in less than 40 hours combined and they don't receive benefits.

Alderman O'Neil stated let me just run through this quick to make sure. You have one Accounting Technician I, one Accounting Technician II, one Administrative Services Manager, a Deputy Finance Director, Finance Director, Financial Analysts...the only positions other than those two part-timers that you have two of are Financial Analyst II's is that correct?

Mr. Sherman responded yes.

Alderman O'Neil asked you have one Information Support Specialist and one Treasury Manager.

Mr. Sherman answered correct.

Alderman O'Neil stated so the count is right it just doesn't signify...I want to make sure that I am correct on this lockbox. I am not opposed to different ideas. I understand that part of the thinking was to preserve two existing jobs and provide a service but am I correct to say that if you take and I tried to match actual salaries based on the positions but we have approximately \$72,000 in actual salary...

Mr. Sherman interjected it is about \$73,000 right.

Alderman O'Neil asked and about \$25,000 in benefits.

Mr. Sherman answered it is a little bit higher than that. Probably closer to \$45,000.

Alderman O'Neil asked and about \$61,000 in equipment.

Mr. Sherman answered \$60,000 for equipment.

Alderman O'Neil stated so we are actually looking at approximately a \$178,000 program.

Mr. Sherman responded it is \$181,000 of which some of that will end up being billed back to EPD and Water.

Alderman O'Neil stated you mentioned earlier and this is my concern with many things that have been talked about in this budget process, we are never going to be ready on and I don't want to say all but a majority of the new things we have

talked about before we have to pass the budget in the second week in June. I have been around here long enough to understand that. We are going to have a hard enough time getting to the second Tuesday in June. How can, if this is something we want to phase...and Kevin in your opening remarks you kind of talked about it. We don't want to be on a lockbox or we never could be for the first tax billing and it would be a push to be in place for November for the second tax bill. How can we phase it in during the year? We have to somehow carry those salaries someplace whether it is with their existing department or in your department, etc. Am I correct?

Mr. Clougherty responded I will try to be up front on this. We built that into that budget and we continue the payment to the bank. If this works and we can get it up all of that will flow to your bottom line and fund balance but if we need to take longer to get the equipment in and train people then I have to have some money to pay the bank until we are ready to cut off and we want to have a parallel system for some time.

Alderman O'Neil asked is our agreement and you have said this earlier and I am sorry if I missed this but what is the duration of our agreement with the bank.

Mr. Clougherty answered it is a good time to be talking to them about this particular service because they are looking to have it shifted to another town.

Alderman O'Neil asked are they looking for a one-year agreement or are they looking for a longer term than that.

Mr. Clougherty answered we have talked to them and they would like a longer time but if we are looking to do this in-house they understand it and are willing to look at it for a year and provide the support. They want the City to do it right. They don't want to have a black eye in the transition anymore than we do.

Vice-Chairman Gatsas stated if I am understanding where Alderman O'Neil is going, in your management services there is \$75,000 for the lockbox service that the bank provides.

Mr. Clougherty responded that is right.

Vice-Chairman Gatsas stated so we really have a double accounting so that if they ended in April of next year there is going to be a flow through. So the numbers are in both spots. There is more than enough to take care of it.

Mr. Clougherty stated that is right Alderman. If you want to have the savings going forward and you want to have the ability to do these things in the future give

us this cushion this year and if we don't use it as always it will flow back to the fund balance and we will try to get it done as efficiently as we can.

Mr. Sherman replied I will too that we have an RFP ready. If we get a wink and a nod tonight that you think that is somewhere you want to go we can get it advertised and possibly in July get the equipment in and get the staff trained. The issue is that the first tax bill will be going out in the next two or three weeks so you can't hit that tax bill. So the first thing we would probably do is a sewer bill or a water bill that is going out every week. Those are the types of things you can get running and get going faster. Again anything we do in that regard gets billed back to EPD and Water and the issue would be to get ready for the big tax run come October or November.

Mr. Clougherty stated as always on this just so people understand in our office everybody is cross-trained. So we are not just going to take two people and train them on the lockbox. Everybody is going to be trained on how to operate it and step in and do what we have to do because during volume times, during the tax runs we may be operating this thing around the clock and you may see us in there doing it. Everybody is going to get trained and in order to get everybody trained you have to stagger that overtime.

Alderman O'Neil asked what is realistically the shortest term you can enter into an agreement with the bank. A year?

Mr. Clougherty answered yes but they would be of the understanding that they are not going to get \$75,000 if we cut off midway. It would be based on the volume, the actual units processed not on a flat rate. That is what it is now. It is based on units and not on service.

Alderman Roy stated Kevin you made the statement that currently EPD and Water participate in lockbox services through the bank. What are they billed out of the \$75,000 as of today?

Mr. Clougherty stated roughly \$55,000.

Joanne Shaffer, Second Deputy Finance Officer, stated it is \$55,000. The balance is for the property tax collections and the Ordinance Violations Bureau. The majority of that number that he mentioned is for Water and EPD remittances.

Alderman Roy asked so real clearly the total we are paying the bank is about \$75,000 and of that \$55,000 is back billed to EPD and Water. Looking at the...unlike some of the other departments you know specifically who these two

people who would come to your department are. Do you have their exact salary and benefits?

Mr. Clougherty answered yes. \$35,568 is the salary. \$17,211 is health benefit. Dental is \$1,332. \$4,600 for life insurance. Can I send this to you Alderman?

Alderman Roy asked yes could you do that. Just a brief follow-up. The \$55,000, where does that come into...does that come into your department as a revenue?

Mr. Clougherty answered yes.

Alderman Roy asked do you know what line item that comes in under because unless you are hiding it in lease payments for baseball I don't see it.

Mr. Clougherty answered it is the \$60,000 under the Miscellaneous Reimbursement.

Alderman Roy asked under the Mayor's 2007 budget...in 2005 there was only \$25,000 in Miscellaneous Reimbursement.

Mr. Clougherty answered no in 2005 there was \$69,539.

Alderman DeVries asked did I understand you to say that the lockbox service is being phased out and centralized or regionalized by banks because it is being replaced by on-line payments.

Mr. Clougherty answered what happens Alderman is it is all volume and the more that...once upon a time before the electronic payments there was enough volume locally to keep these things and justify them. Now as things are more electronic there is not enough so they are assembling them all and regionalizing so they still have the volume to justify their own equipment.

Alderman DeVries asked why did you decide to invest in this service that will become somewhat antiquated within the next decade as opposed to investing today in online, which I think as a Board we have been encouraging.

Mr. Clougherty answered I totally agree with you. I do but that transition is going to be five or six years before we can get there.

Mr. Sherman stated we currently are accepting online payments for EPD and Water. It hasn't been advertised very well but it is out there. I don't know Joanne do you have a total count? People are tripping on it just going to the City's website and are making payments. The problem that you start to run into is there

has always been resistance in allowing people to pay their property taxes with credit cards just because of the volume and the dollar amount. I am not sure you want to start to promote the use of credit cards and get your constituents to be charging \$5,000 or \$6,000 on their credit cards. Where they are not paying the bills there are some protections that are there but with not paying credit cards there are other issues.

Alderman DeVries stated it is expensive for the City as well...

Mr. Sherman interjected it is expensive for us because we have to pay the fee on it correct. Right now on the sewer and water bills there is a \$3 fee that they pay and we collect 100%. Now nobody is going to collect your property tax bill for \$3. There are issues there. Clearly we would like to move into parking violations and start to take those online but there are certain things, again, like all of your commercial accounts for sewer and water you are not going to take credit cards for as well. So you are always going to have that mix. Most of the lockbox initially were utility payments like your phone and electric bills, mainly residential and small dollar amounts and that is really what works well with a lockbox.

Alderman DeVries asked so you are telling me if I look at other communities I am not going to see other communities that are aggressively figuring out a way to take care of property taxes through an online payment system. Are you saying that is years out?

Mr. Sherman answered you can do it if people want to use like an electronic check. That is a different issue than allowing them to use a credit card. No I would say that there probably are some communities out there but we have always been resistant here to allow for the credit cards.

Alderman DeVries asked so an electronic check is that...I guess in the Committee we thought that there was an investment needed by the City in order for us to make the leap to online payments. My question is why have you decided that we should endorse this as a priority for policy over investing in online?

Mr. Clougherty answered I agree but if you look what is coming in the lockbox it is mortgage companies that are bundling up your bill and my bill and paying through lockbox and they were doing that because they got the float. They would mail it from LA and send it someplace else and that was the MO of how it was for years. Now with Check 21 they don't have that float and more and more these people are going to start getting into things like ACH payments, which are great. It is going to save them money and it is going to save us money but that is going to take those banks and that industry five or six years to turn the corner. In the meantime, and again it is your call. We can bring it in-house or we don't have to

bring it in-house. Either way is fine with us. We just want to be honest with you. If you want it to come in-house we need to be able to get started if we are going to make it for November.

Alderman DeVries stated an additional question that I had is in the FY06 budget I believe we had funded a position for Aggregation.

Mr. Clougherty responded right and that is in a separate Resolution.

Mr. Sherman stated actually in FY06 you didn't fund a position. You funded \$10,000 of which none of it has been spent.

Alderman DeVries asked so that was a separate budget and not part of this.

Mr. Sherman answered correct.

Vice-Chairman Gatsas stated let me take you back to where Alderman Roy was because if I look at the big book here and I look at your revenues for FY06 your \$69,539 is in your FY05 actual. You said that was for miscellaneous reimbursement.

Mr. Clougherty responded right.

Vice-Chairman Gatsas stated there is no Miscellaneous Reimbursement for FY06.

Ms. Shaffer stated we are talking about the \$75,000 for lockbox processing, however, there are other bank services charges that we are charged. When the bank sends us a bill we charge EPD and Water directly for their proportionate share. The balance of all of the banking services gets charged to the City.

Vice-Chairman Gatsas stated my question was Alderman Roy had asked a question about the \$65,000 in revenue. Kevin said that he had \$60,000 in the line item in the Mayor's recommended for FY07 but I don't see anything for the revenues in FY06. I see them for FY05. There are no revenues for FY06.

Ms. Shaffer responded those revenues are not related to lockbox collections.

Vice-Chairman Gatsas asked where are the revenues that you charge...

Ms. Shaffer interjected we don't collect the revenues. I said we charge Water and EPD directly so for example if our monthly bill is \$15,000 and Water's share is \$2,500 and EPD is \$2,500 we charge them directly the \$2,500 and that way there is no revenue that has to come back to the budget. We charge directly.

Vice-Chairman Gatsas asked are they writing the check or are you writing the check.

Ms. Shaffer answered it is a debit that is made to our account and then we apportion those charges out to the departments.

Vice-Chairman Gatsas asked how can you possibly do that from an accounting process and not show that revenue.

Mr. Sherman stated the Finance Department's budget is not a gross budget for all banking fees. We only budget for the general fund fees so if there is a banking fee that we can charge to EPD and Water those get charged directly to EPD and Water. The difference in the FY07 Mayor's numbers...

Vice-Chairman Gatsas interjected but you have to charge it. The bank doesn't charge it.

Mr. Sherman stated like Joanne said the bank will charge us \$15,000. We all pay our bills out of the same checking account so we will have a \$15,000 charge. We then make the accounting transaction and charge \$2,500 to EPD and \$2,500 to Water and the rest goes to the general fund.

Vice-Chairman Gatsas asked why isn't that accounting transaction show to us.

Mr. Sherman stated well you would see it over at EPD and you would see it at Water. Under our management services line is the general fund portion. The difference with the FY07 is because we put all of the costs in the general fund. We are now picking up a revenue. The revenue that we have in FY05 is not related to lockboxes. Those are other miscellaneous receipts that we collected over that year.

Alderman Roy asked so the \$69,000, that original answer was not any part of it. Has Water and EPD bought into this that you are going to be able to charge them 31 cents a transaction or something comparable to what we are paying the bank now? Where does Water and EPD...is this going to be another chargeback argument or have they bought into having it in-house?

Mr. Clougherty answered we haven't talked to them specifically about it. It was a budget initiative from the Mayor's Office. If you ask us to go along with that this is the number and again as long as they are getting the service our understanding from both of those agencies is they are okay with it but they want you to do it right.

Alderman Roy stated Enterprises as we know tend to have a mind of their own. We are counting on those revenues to offset some of these costs and that is a key component to me. If we are going to bring this in-house and pay the salaries and benefits numbers and buy the equipment I don't want to lose our cash cow. I do believe and I think Alderman DeVries said it that we should be looking at more online payments. I try to write less than two or three checks a month so we should be going in that direction even if there is a fee and that is a direction I would like to see us going in. I am leery of investing in something that I would like to see extinct in the near future or minimized in the near future but I would like to see some comments from EPD and Water that we will be their source.

Mr. Clougherty responded and Information Systems. What we are laying out here is these are the costs and this is how it works. If you are asking us to go forward with it, we will move ahead with it. We will bring it in. We know other places that have had it.

Alderman Lopez stated first of all some of the questions I am going to ask you now have nothing to do with the numbers other than the department itself. It goes back to the original statement of some of the things you are doing now that you didn't do before in the electronic age. In reorganizing your department, you have and this was brought to my attention from looking at Information Systems that you have an Information Support Specialist in your department. In looking at the job description for an Information Support Specialist, we have those type of people at Information Systems. Can you tell me why you need an Information Support System person when they can provide all of the technical data that you need at Information Systems?

Mr. Clougherty responded they can't do it on a timely basis. What happens in our area, Alderman, is we have requirements that we have to meet for reporting to the state and federal government and the credit rating agencies and to bond holders and in order to make sure that our credit rating stays high they want to know what is going on. We have to be generating those reports. We also have as part of our annual CAFR the responsibility to get that out on time and do that in accordance with generally accepted accounting principals. I can't accept a document from our Bond Counsel on our computer. It is too big. It doesn't come in. If I am in the middle of negotiating a deal with the Airport or a deal with Water, I can't communicate with Bond Counsel on drafts of our official statement. What John does is he runs them on his home computer because he has more power so I can get the stuff and communicate with them daily. I am able to use him to generate the reports that we need in the format that we need so that we can get them out fast and meet our timetable.

Alderman Lopez asked so he does this at home.

Mr. Clougherty answered on occasion yes. On more than one occasion when we are in the middle of these big deals because the systems here can't take it.

Alderman Lopez stated well there is something wrong someplace.

Mr. Clougherty replied I don't disagree.

Alderman Lopez stated that is a great job.

Mr. Sherman stated right now we are running Windows 98.

Alderman Lopez asked well whose fault is it. Is it the policy maker's fault?

Mr. Sherman answered it gets to be dollars. It is very expensive to bring that up-to-date. I know when they talked before but there are 300, 400 or 500 PC's out there and at \$300 to \$400 a pop to update them...it is not the staff time. Anybody can go and install it on your home computer. The issue is the dollars so we are all running on old software and you can't send a file to somebody who is running on 2003. You start to run into the technical problems so yes occasionally he goes home and does it because he has a better system at home and the difference between what John does in our office and what Information Systems does is John does reporting and prepares those. Information Systems doesn't do that for people. That is not what their job is. Their job is more on the technical side. Now if you want to give John a 2003 software package to load in the Finance Department he can clearly go through and do that but that is not what he currently does within the department. It is more within the reporting side.

Mr. Clougherty stated as I said the reports that we have now are getting more sophisticated. What we have to disclose to the Bond Counsel and to the IRS are not what they were five years ago. With the advent of some of these scandals and what has been happening with Katrina and disclosure by cities and towns is under a huge microscope. Our industry is changing rapidly. It is getting more automated, more sophisticated and more regulated and if you want to keep up with the industry and keep your ratings and your ability to stay on top of dollars and make changes we need to have people who are knowledgeable and we need to have the training and the tools.

Alderman Lopez responded I understand that but this is the first time I have heard about an employee going home and doing the work and stuff like that but if you do it in your department are you saying that the other departments have the same

problem like Highway, Police and Fire. Would they have the same problem as you?

Mr. Clougherty replied I don't know if they are dealing with the volume and types of reports that we are dealing with. The reports that we are dealing with are big number spreadsheets that have to be communicated electronically.

Alderman Lopez asked are you telling me that John makes all of your reports then and none of your other people are capable of running reports.

Mr. Clougherty answered what happens is if we had them running the reports they would be falling behind in getting the information in. What do you want? An outdated report or the information in and the report?

Alderman Lopez responded I am just trying to understand something. When you did the Schools you had the payroll years ago and you haven't lost anybody. Do you agree to that?

Mr. Clougherty replied no not at all.

Alderman Lopez stated okay educate me.

Vice-Chairman Gatsas stated we are talking about the budget not an education.

Alderman Lopez replied well we are talking about personnel.

Mr. Clougherty stated let me go back and give you a spreadsheet that shows what the positions were then and what they are now and walk you through them. There were several positions that were transferred and that is a fact.

Alderman Lopez stated I will go back to my basic question. When is the last time you reorganized the Finance Department?

Mr. Clougherty responded we are reorganizing all of the time. As I stated we are today with 12 full-time and 2 part-time people being more efficient and doing more work than the department has ever done and it always had about 15 positions.

Alderman Lopez stated okay the efficiency of the Finance Department then if we made a policy to go to lockbox can you handle it without anymore personnel.

Mr. Clougherty replied no Alderman because we want to move ahead, we don't want to step behind. Eventually after you get the system up and it is running we

might be able to as time goes on be able to eliminate one of those positions if somebody retires and there is cross-training but initially you need the two. That is not to say that we won't try to wind it down as we move forward and the technology gets better or if we get off if as Alderman DeVries suggested. As soon as we can get off of it entirely we would.

Alderman Lopez stated I agree with her that we should go to paying online instead of this other thing but that is for another day.

Vice-Chairman Gatsas stated let's go to your budget. You are telling me you can live with the Mayor's recommended. Is that what I understood you to say?

Mr. Clougherty responded yes we could do that and the lockbox.

Vice-Chairman Gatsas stated so if I go to \$1,358,065 and I deduct and go to your number and deduct \$22,233 for retirement using your number in the retirement...

Mr. Clougherty interjected no because remember when my number came in the original department request, everybody's request did not have the 12.4% in there. Nobody's has that in there. So when the Mayor's recommended was in there...

Vice-Chairman Gatsas interjected so I am going to take out the \$60,000 for equipment because we are going to take that and give it to you just like we did with the vests out of contingency for this year...

Mr. Clougherty interjected that is fine as long as...

Vice-Chairman Gatsas interjected let me just finish. That brings you down to \$1,298,065 with the recommendation that we take that \$60,000 out of contingency to buy the lockbox and move forward with it.

Mr. Sherman asked what number did you start with.

Vice-Chairman Gatsas answered I started with \$1,358,065 and I deducted \$60,000. I hope my math is right.

Mr. Clougherty stated we will take it and if it isn't we will let you know. With the \$60,000 the only caveat I would ask is that we hold off on those transfers and not do them tomorrow night but do them at the end of May to make sure we have enough money in contingency to deal with all of the things that we need to do this year. Certainly if those dollars are there at the end of May I don't have a problem with it.

Vice-Chairman Gatsas stated so you have your number of \$1,298,065. Go back on your yellow sheet and see if you can make it better. So the comparison you will give us is the Mayor's request, what you got out of here and work on your yellow sheet to see if you can take some nickels and dimes out.

Alderman Roy stated the Director of Finance just brought up a good comment. The recommendation going to tomorrow night is going to be that we wait to go ahead and take money out of this year's contingency. Kevin, how long do you think we should wait for that and that does relate to this budget so I have concerns? Your recommendation tomorrow night is what?

Mr. Clougherty responded again I would wait until the end of May so we have a good handle of where we are coming out of May and then you have all of June to work on it. We have to get from the departments some assessment as to how they are with their budgets, particularly the salary lines for this year and we will be getting that over the next week.

Alderman Roy stated I have no problem with that recommendation. The problem is that now we turn back to the budget process and we could be approving a budget by Charter it is by the second Tuesday in June...

Mr. Clougherty interjected I understand.

Alderman Roy stated I will ask the Chair is there a timeline for an approval date.

Vice-Chairman Gatsas responded don't you worry. We are going to find that money and if it is not in contingency there are a lot of one-time accounts that float around.

Alderman Roy stated again I just want everyone to be aware that if the budget is approved prior to the contingency we have left a gap that will have to go somewhere else.

Vice-Chairman Gatsas stated we will never leave a gap when it comes to City government.

Alderman Shea asked what is going on with Aggregation.

Mr. Sherman answered it is in the same place it was last June. There is no staff and no program and no projects and the Mayor did not put an appropriation in for FY07. My understanding is that he is developing a proposal that he is planning on bringing to the Board before the budget process is complete and before you take

your summer once a month meetings on how to eliminate the deficit that is in there. I can't give you any more information than that.

Alderman Shea asked what is the deficit.

Mr. Sherman answered it stands around \$1.7 million.

Alderman Shea asked are we obligated state, federal, bond wise or credit wise to do anything in that regard.

Mr. Sherman answered yes. If you are going to get rid of the deficit somewhere there has to be an appropriation to offset that.

Alderman Shea asked so if we don't get rid of the deficit how do we keep going on this.

Mr. Sherman answered you don't and the auditors have been here and told us that.

Alderman Shea asked what is the drop-dead date.

Mr. Sherman answered I think what the auditors said in the past is if you are not going to continue the program you need to get rid of the fund. The way to get rid of the fund is there has to be an appropriation to take care of that \$1.7 million. They have said that they would be willing to not give you any qualifications on your audit if you decided to write that off over four or five years. They understand the impact.

Alderman Shea stated well go through the process of writing it off in four of five years.

Mr. Sherman responded what you would have to do is annually appropriate say 20% of it and then you would appropriate it in the general fund or wherever and you would transfer those over and eventually you would just offset the deficit.

Alderman Shea asked will the deficit keep increasing if we don't do anything or does it stay the same.

Mr. Sherman answered right now it increases because it is being charged interest. There is a cash deficit in the project of the \$1.7 million.

Alderman Shea asked how much is it increasing each year.

Mr. Sherman answered with the rise in rates probably in the \$60,000 or \$70,000 range.

Alderman Shea asked so each year it is increasing \$60,000 or \$70,000.

Mr. Sherman answered it is but just for the record that \$60,000 or \$70,000 is interest income to the general fund since the general fund has footed the bill. So it is accounting and there is a balance between the two but the fund itself is increasing or the fund is increasing.

Alderman Shea stated it is a serious problem if we don't deal with it.

Vice-Chairman Gatsas if the price of oil goes up or the price of electricity goes up we could be back in the aggregation business. We are probably not that far away from it right now.

Mr. Sherman stated to be honest with you I have somebody coming in tomorrow morning to talk about it. There was an article in the paper the other day about the large consumers who are getting off the system and going out and getting right into the...

Alderman Shea interjected well have him come in and lock the door and use the lockbox if you have to.

Vice-Chairman Gatsas stated with all seriousness it is getting to a point where it might make sense right now.

Alderman O'Neil stated you had my full support with your suggestion of buying the vests for the Police Department out of contingency. My concern, Mr. Chairman, is if we commit to the lockbox program out of here, out of contingency, for \$60,000 we are then committing to the salary and benefits that go along with it.

Vice-Chairman Gatsas replied no just the hardware.

Alderman O'Neil stated with all due respect I see them going hand in hand.

Vice-Chairman Gatsas replied you can't take wages out of contingency.

Alderman O'Neil responded I understand that but if we commit to purchasing the equipment then in my opinion we are making a commitment to the two positions with benefits.

Vice-Chairman Gatsas replied right.

Alderman O'Neil stated so it is actually \$178,000 commitment.

Vice-Chairman Gatsas stated correct.

Alderman O'Neil stated I just want to make sure I am correct. I don't see that as apples to apples with the Police vests.

Vice-Chairman Gatsas responded well it is apples to oranges but we will get there with that fruit salad.

Alderman O'Neil stated just one other comment and I don't want to go into any detail tonight but I have contacted people I know in government from around the region to ask about P cards if that is the right term.

Vice-Chairman Gatsas stated we are going to be talking about those on Monday.

Alderman O'Neil stated I will wait until Monday then.

Vice-Chairman Gatsas stated they are coming in to give us a whole presentation on the cards on Monday.

Alderman DeVries stated if we do go ahead with the lockbox proposal, that would add two additional employees to your department so tell me who would immediately be supervising them and what change on the existing grade salary line for employees will the two additional employees plus the added responsibility bring. Every time we add something to a department there is a cost because they are managing more people. So give us the true cost. It is probably not \$178,000.

Mr. Clougherty stated those positions will flow to Joanne on the Treasury side primarily and then up to me. We would all be cross-trained so we could step in and administer it. That is where it is.

Alderman DeVries stated but I am assuming that you will take the conversation one step further to the HR Director to decide if the additional two employees anywhere along that chain is going to trigger a wage increase if requested of this Board.

Mr. Clougherty responded if it results in a more efficient operation and less paper it will relieve some other stress points perhaps so over a period of time that might not be the argument. I wouldn't jump to that conclusion.

Vice-Chairman Gatsas asked does it have to come through the HR Committee.

Alderman DeVries stated just before we spend \$178,000 it is nice to know if it is actually \$250,000.

Vice-Chairman Gatsas stated if it has to go through the HR Department...

Mr. Clougherty interjected we didn't put that in the proposal.

Vice-Chairman Gatsas stated you don't have to worry about it in the proposal. I will help you now for at least the next two years.

d) MTA

David Smith, Executive Director, MTA stated to my left is John Trisciani, Chairman of the Board and we also have two other Board members here tonight. Vice-Chairman David Jespersen and Commission Joe Ducelle. To my right is Bill Cantwell the Finance officer for the MTA. I will attempt to be very brief.

Vice-Chairman Gatsas replied I am going to make it real brief for you. Alderman O'Neil has been waiting for this and maybe you can help me. Did the \$1 million show up or how much has that grown in the last year? Your surplus account?

Mr. Smith asked the cash account.

Vice-Chairman Gatsas asked is in in here.

Mr. Smith answered in the last few years it has gone down from about \$1.1 million to \$850,000. Of course some of that is for school.

Vice-Chairman Gatsas asked what is it right now.

Mr. Smith answered about \$850,000.

Vice-Chairman Gatsas asked and where is it on this transaction sheet that I am looking at. Does it appear?

Mr. Smith answered no.

Vice-Chairman Gatsas stated it doesn't appear in your monthly statements either.

Mr. Smith responded right.

Vice-Chairman Gatsas stated from this Alderman's point of view and I think you know because I was on it last year and I am right back on it again this year and I am going to tell you that from this Alderman's point of view we are going to take \$250,000 out of your budget and have you use \$250,000 out of that account. That is where I am at. I don't know where anybody else is. That is the budget that I am going to construct because a cash account and I know what you are going to tell me but you have the ability to come back to this department just like Welfare does at any time when you have a shortfall and we can help you. There is no other department in the City that has that kind of a cash account floating around.

Mr. Smith responded I believe all of the Enterprise funds have...

Vice-Chairman Gatsas interjected who does.

Mr. Smith stated I believe all of the Enterprise funds probably do.

Vice-Chairman Gatsas responded but they don't get funding from us. You have to remember that EPD doesn't get funding from us and Water Works doesn't get funding from us. They don't receive funding. What are you receiving for funding from the Aldermen?

Mr. Smith replied currently \$1,074,000. The request this year was \$1.237 million. The Mayor's recommendation was \$1.1 million. That is \$137,000 short of the amount that we requested. Because of the loss of federal match that would double to about \$274,000 as a budgetary impact if that were to hit the expense side.

Vice-Chairman Gatsas stated but you could take out of your cash account \$350,000 and fund it and you would get your federal funds from it.

Mr. Smith responded the cash account is there to...

Vice-Chairman Gatsas interjected my question is if you took \$350,000 out of your cash account and put it into your operating budget the federal match would be the same so you would not lose federal funds from it. Is that correct or incorrect?

Mr. Smith replied that is correct.

Alderman O'Neil stated your request was \$1.237 million for the City subsidy.

Mr. Smith responded that is correct.

Alderman O'Neil asked and can you confirm the number that the Mayor recommended.

Mr. Smith answered \$1.1 million was the Mayor's recommendation.

Alderman O'Neil asked so that left \$137,000 shortfall.

Mr. Smith answered yes it did but that would be affected also by the federal match, which would essentially double that number as a budgetary impact. At their meeting last week the Board took some action to modify the way that we would approach the way of federal funds. Under the new safety, the transportation act that was passed in 2005, the ADA service that we provide can be funded with 80/20 funds, whereas formally it was 50/50. Doing some research we determined that we probably can amend the state transportation improvement program that was submitted last year so that we can use 80% funds in 2007 rather than the 50% funds. That generates some additional income through greater federal participation and would moderate the difference of \$137,000 to a number of about \$44,000 in local funds.

Alderman O'Neil responded so if I understand you right and that was towards the end of your presentation but if I understand you you would not have to go into the reserve account as deep as Alderman Gatsas suggested based on some of those...

Mr. Smith interjected the primary reason there is a cash account and that amount in the cash account is the federal funds. We operate on a fiscal year beginning in July. The federal funding fiscal year begins in October. Last year the Transportation Act was passed in August. The FTA was not able to initiate a grant until late December and we were down to virtually nothing in that cash account because of the six-month delay in drawing federal funds.

Vice-Chairman Gatsas stated maybe you can help them out. Obviously because they are a department of the City if they run into that problem there is an awful lot of money that can be found in the City to replenish that until you get the federal funds.

Mr. Clougherty asked are you looking for a cash advance to help you until you do your draw downs when your federal dollars come in.

Mr. Smith answered the primary reason the cash account is at the level it is...

Vice-Chairman Gatsas interjected that is not the question he asked you. The question he asked you is do you need assistance to get you there before you get your federal funds. You said you were almost tapped out. Obviously the City has an awful lot of money and where you are a department of the City we can lend you the money to get you to that point until you get your federal funds.

Mr. Smith asked if the cash were not in that account we could use assistance, yes.

Mr. Clougherty answered we would be happy to look at that with you. It may be different regulations but we can look at that and see if it is possible.

Alderman O'Neil asked can you walk us through...you talked in one of your bullets about the 80/20 match for the ADA. Can you give me an example of how it would have worked a year ago versus how it will work...I guess if I am reading it right it is actually in place now but let's talk about FY07.

Mr. Smith answered the City is under 200,000. It is called small urban areas in which Manchester fits. Those are eligible for federal operating assistance. Cities over 200,000 do not get any federal operating assistance. They are only eligible for federal capital assistance. Capital assistance is on an 80/20 basis. Operating assistance for cities under 200,000 is on the basis of 50/50. Several years ago...

Alderman O'Neil interjected that includes regular transit service correct.

Mr. Smith responded that is right. That is only a match for local tax funds. It doesn't match revenues. Revenues have to be deducted before federal funds were matched. Several years ago the FTA amended their operating grant criteria so that preventative maintenance of vehicles, which is really their investment in capital, is funded at 80/20 just like capital is so for some years we have been separating out our preventative maintenance expense and applying for 80% funds for the vehicle maintenance expense and 50% for the remaining operating. With the change last year we can now apply for 80% funds for the ADA service up to 10% of the amount of the allocation and the federal act and that amount next year would be \$1,697,000. 10% would be using 80% funds for \$169,000 of the ADA expense.

Alderman O'Neil stated not for tonight but I know that is a very popular program in the City. Can you just get us and it probably is in your monthly report that you provide but could you break it down with a general overview of that program – number of people, etc. I know it is very popular and we sometimes lose sight. We have had talks about the regular transit service but that is a very important service that you provide. In one of your sources of revenue there is a second bullet where you reference City Fuel and for FY05/06 it is \$173,000 and it jumps to \$307,000. Is that reimbursement from the City for fueling fire trucks, police cruisers and whoever else fuels at your facility?

Mr. Smith replied it is actually a pass through and the amount last year was underbudgeted. The expense shows but it is fully reimbursed by those departments that buy the fuel from us.

Alderman O'Neil asked but those are accurate figures and that increase signifies a significant increase in fuel.

Mr. Smith answered yes. As I said it was under budgeted this year.

Alderman O'Neil asked do you happen to know by how much.

Mr. Smith answered we budgeted \$1.50/gallon without tax. Next year we are budgeting \$2.00/gallon and expect that to be on the low side.

Vice-Chairman Gatsas asked is there a reason why you are not looking at a bio-diesel.

Mr. Smith answered bio-diesel is a little bit more expensive. We are beginning to look at alternative fuels.

Vice-Chairman Gatsas asked what about a mix.

Mr. Smith answered typically the mix would be 20% bio-diesel. It can be up to 20%. They don't recommend more than that but the cost of raw bio-diesel at one time not too long ago was significantly higher – in the range of \$3.00. The B20 mix would be at least several cents higher.

Alderman O'Neil asked could you provide us or is there any information out there that might be educational to us on and I don't want to say alternative fuel but different approaches that are being used moving forward not only with transit systems but to handle large fleets.

Mr. Smith asked are you talking about environmental improvements.

Alderman O'Neil answered yes but also to follow-up a little bit on some of the discussions that you and Alderman Gatsas were just having on the fuel sources. I don't know if there is any one thing that you may have put together. You may have provided some information to the Commission at some point. It may be through one of your professional organizations. For me I think it would be something...it is not only a transit issue it is a large fleet issue in general so anything you have might be of interest to us.

Alderman Roy stated in your presentation David you said ridership year-to-date is up 6.86%. Is that the new routes or just in recent months? Is it a yearly trend or just...

Mr. Smith interjected it is a yearly trend. In recent months it has been higher. Last month it was about 8.8%. I think to some extent it reflects gasoline prices and people coming over to Transit to try to save on their personal expenses.

Alderman Roy asked the fares and other revenue that you put down \$720,100, does that reflect that increase or when were these numbers calculated.

Mr. Smith answered about \$30,000 of it does. The fares are at the top. Currently this year we are budgeted to receive about \$305,000. We expect next year that the fare revenue will be \$330,000.

Alderman Roy asked so \$330,000 of your \$720,000 is just fares.

Mr. Smith answered yes.

Alderman DeVries stated I would like to take us back to the conversation on the reserve fund. We started talking about fiscal...you have issues with the federal budget and the reimbursement, which can be delayed. Sometimes that can stall because the federal budget year is different than the City budget year but those payments can they fall outside of our fiscal year?

Mr. Smith responded typically they haven't.

Alderman DeVries asked so that is not a concern for you that you have a reserve for something that would fall outside of our budget year.

Mr. Smith replied I am not sure I am following your question.

Alderman DeVries stated just being involved with other budgets and federal grants I know that the federal year has caused them to have the dips in their revenues, the reimbursement rate, and I didn't know if that is what was going on for you and if our budget year is ending June 30 is that going to be an issue.

Mr. Smith responded typically we go three months before we are eligible to file a grant and then we wait for the approval time so it can be November or December. This year it was late December.

Alderman DeVries stated so my question would go back to the Finance Officer.

Vice-Chairman Gatsas stated that question was already asked.

Alderman DeVries stated I realize it was answered but he didn't tell me the specific source that he could put his hands on for dollars to assist with that. I heard a general...

Vice-Chairman Gatsas interjected the accumulated money that we receive in the City on taxes that are just sitting there that we don't use.

Mr. Clougherty stated there is cash that is in the City's account daily that would be made available. There would be an interest rate charged. We have done it in the past. If the Water Department needed an advance, we would advance them the cash. Whatever that day's rate that we were earning was is what we would charge in and when they get the cash in they would make that payment. We did the same for the Airport in its earlier days too. With respect to MTA I will go back and look at their regulations. They are a little bit different than the Enterprises. Whereas Alderman Gatsas pointed out that the Enterprises don't send anything back, I believe under the terms of the original set-up of the MTA the City is responsible for all of their debt. Even if they don't pay it we are going to have to pay it and that makes that transaction possible. I do need to do a little research but I think we might be able to help them

Alderman DeVries replied I would appreciate that and I would expect a follow-up before our yellow, blue or whatever the next color sheet that is due to us.

There being no further business, on motion of Alderman Thibault, duly seconded by Alderman Forest it was voted to adjourn.

A True Record. Attest.

Clerk of Committee